No. 28,537

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

Monday August 3 1981

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 1000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 35p; MALTA 25c

NEWS SUMMARY

GENERAL

Eighth hunger striker dies

IRA hunger striker Kieran Doherty, 25, died last night after refusing food for 73 days. He is the eighth to die, and the second in 48 hours.

Some relatives are said to be considering intervening to authorise medical attention, as did the family of Patrick Quinn. But folowing the weekend death of Kevin Lynch the remaining prisoners reaffirmed their resolve. **Back Page**

Two policemen were killed when their patrol car was blown up by a 100 lb bomb near Omagh, Co. Tyrone.

Toxteth mission

Leading executives of 28 British investment institutions will tour Merseyside tomorrow and study riot-torn Toxteth's problems. **Back Page**

Polish warning

Poland's Solidarity leaders held an urgent meeting after government warnings that protests over food shortages could explode into nationwide conflict. **Back Page; Debt meeting, Page 15**

Jawara returns

Gambian President Dawda Jawara arrived in his capital Banjul where Marxist rebels declared a coup while he was attending the royal wedding. **Page 2**

Bani-Sadr pledge

Former Iranian President Abolhassan Bani-Sadr, in exile in France, agreed to moderate his public statements. **Oil installations bombed, Page 2**

Air exodus

Overbooked airlines paid tens of thousands of pounds in compensation to U.S.-bound travellers turned back from British airports at the weekend. **Bid to avert U.S. air traffic strike, Page 2**

Car import move

The loophole which allows Britons to buy cars on the Continent and import them at a saving of up to 40 per cent is to be closed. **Page 3**

'Pirates' silenced

Dutch police seized a pirate radio ship in the North Sea and towed it to Amsterdam, a week after it began broadcasts.

Boat people safe

A Dutch oil tanker arrived in Manila with 91 Vietnamese refugees. About 45 others had died of starvation before the weekend rescue and four afterwards.

Bombing marked

All Italian trains halted for a minute to commemorate the Bologna railway station bombing which killed 85 a year ago.

England again

England beat Australia by 29 runs in the fourth cricket Test at Edgbaston to go 2—1 up in the series. Ian Botham took five wickets for 11. **Page 11**

Jacklin beaten

Bernhard Langer became the first West German to win his country's open golf championship, beating Britain's Tony Jacklin by one stroke.

Worcester sauce

Seven middle-aged streakers were spotted on two nights in Tenbury Wells, Worcs. Police promised special vigilance on late-night patrols.

Briefly . . .

Nelson Piquet of Brazil, driving a Brabham, won the West German grand prix.

Heart transplant recipient Brian Fleetwood died in Cambridge.

BUSINESS

Parts of National Bus may be sold

● **GOVERNMENT** is to be presented with plans to denationalise the state-owned National Bus Company, the UK's biggest bus and coach operator, in a further attempt to reduce the public sector borrowing requirement. **Back Page**

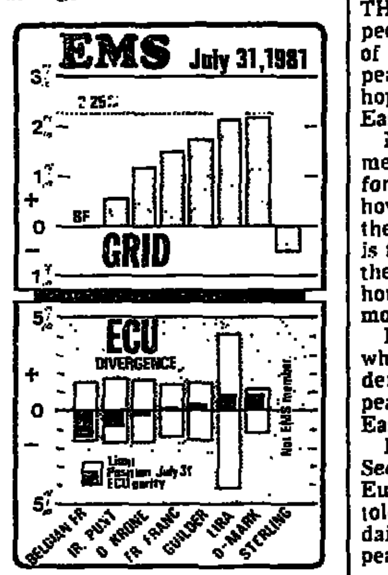
● **BRITISH AIRWAYS** senior managers group called for a radical change of direction in the affairs of the state-owned airline. **Back Page**

● **BRITISH TELECOM** is discussing with the Government, industry and the BBC a plan to launch a satellite which would beam communications and broadcasting signals across the UK. **Back Page**

● **CIVIL ENGINEERING** continues to suffer from public spending cuts and there is no sign of the recession ending, Federation of Civil Engineering Contractors survey says.

● **ITALIAN LIRA** replaced the D-Mark as the strongest currency within the European Monetary System towards the end of last week. Confidence in the D-Mark has been shaken by a growing current account deficit and the continued high level of U.S. interest rates. While the lira itself touched a record low against the dollar last week, the onset of the tourist season and tougher exchange rate contros have underpinned the Italian unit.

The French franc was steady against its major trading partner West Germany, allowing the Bank of France to cut short-term interest rates. The Belgian franc remained the weakest currency but was well within its divergence limit.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● **CITY** financial markets expect another big fall in UK official reserves, which will be announced by the Treasury tomorrow. **Page 3**

● **UK INTEREST RATES** rise in the next month or so can be avoided, according to Barclays Bank's UK Financial Survey. **Page 5**

● **POLISH** officials will meet with a group of Western bankers tomorrow to "clarify" proposals for the rescheduling of its commercial debt. **Page 15**

● **UK SHIPPING** industry's contribution to the balance of payments rose from £1.14bn to £1.15bn last year. **Page 3**

● ***BISGOOD BISHOP***, *jobbing* firm, control is to pass into the hands of seven investing institutions. **Page 3**

● **RAMUS HOLDINGS**, ceramic tiles distributor, is coming to the Unlisted Securities Market this week. **Page 14**

CONTENTS

For latest Share Index phone 01-246 8026

Seven U.S. oil companies to urge N. Sea tax changes

BY RAY DAFTER, ENERGY EDITOR

SEVEN U.S. oil companies have formed an alliance to press for *changes in North Sea oil taxation.* They are one of three main groups of offshore production companies which are likely to submit to the Government their own proposals for a new tax structure.

The companies — Mobil, Chevron, Amoco, Conoco, Union Oil, Phillips Petroleum, and Texas Eastern — have appointed a leading oil consultant Walter J. Levy, to advise them on the most suitable terms which could be recommended to the Inland Revenue.

They, like a number of other *North Sea companies, have com*plained that the present four-tier tax system is too cumbersome and inhibiting.

They decided to form a loose association because they felt that, as owners of oil in medium-*sized, high-cost fields,* they had common tax interests. They also recognised that they had U.S.-UK double taxation problems, particularly with the newly implemented Supplementary Petroleum Duty.

Some of the American companies were concerned that their views would not be adequately covered in recommendations to be submitted by the two main representative bodies —the *UK Offshore Operators* Association (UKOOA) and the Association of British Independent Exploration Companies (Brindex).

It now seems certain that, having called for the industry's tax suggestions, Sir Geoffrey Howe, the Chancellor, will be confronted with a wealth of conflicting recommendations. For quite apart from the joint submissions, papers are to be sub*mitted by a number of in*dividual companies —each of them with their own particular *tax problems.*

The industry's tax proposals will be submitted in the coming months so that they can be considered in time for the Budget next spring. The Supplementary Petroleum Duty established to cream off an extra *£1bn in* oil revenues in the 1981-82 financial year, is due to expire *at the end of June 1982.* It could be extended if the Government feels that the industry has failed to devise amore attractive tax system.

Stockbrokers Wood, Mackenzie, who are assisting UKOOA in its taxation study, estimate that North Sea tax revenues could rise from about £8bn next year to £18.6bn in 1987. But in a report published yesterday they warned that Government plans to restrict output under depletion controls could reduce revenues by a total of £20.8bn *over this six-year period.*

Wood, Mackenzie said that, in general, companies were better *off with today's prices* and taxes than they were in 1975 when UK offshore oil production was just beginning. But this apparent benefit had been offset by the high level of technical risk associated with new developments.

NORTH SEA OIL TAX CHANGES

Date	Tax details	Oil price $/barrel	Average Government take (%) (1)	(2)	Tax capture of incremental revenues (%)
1975	Petroleum Revenue Tax set at 45%	12.30	67	67	—
Mid '79	PRT raised to 60% with changes in provisions	20.70	68	76	84
Mid '80	PRT raised to 70%	36.25	72	82	86
End '80	Supplementary Petroleum Duty *introduced*	36.25	72	84	89
Mid '81	PRT provisions changed	35.00	72	86	91

(1) *Assuming no tax change: 1975 positions continued throughout.*
(2) Tax changes implemented as approprite.
Source: Wood, Mackenzie

UK to seek Sadat's aid

BY ANTHONY McDERMOTT IN CAIRO AND DAVID TONGE IN LONDON

THE GOVERNMENT is expected to seek today the backing of President Sadat of Egypt for peace moves which the EEC hopes to make in the Middle East.

Mr Sadat, who is en route to meet President Ronald Reagan *for the first time, to discuss* how to breathe life back into the Middle East peace process, is to see Mrs Margaret Thatcher, the Prime Minister, for three hours of talks starting this morning.

His visit comes as Britain, which holds the EEC Presidency, is reviewing the European initiative on the Middle East.

Lord Carrington, the Foreign *Secretary, a prime mover of the* European scheme, last week told Al-Ahram, the Egyptian daily newspaper, that Europeans would have to consider the results of the visits to Washington of Mr Sadat and, later, Mr Menahem Begin, the Israeli Prime Minister.

Mr Menahem Begin, the Israeli Prime Minister, expects to form his new Government this evening and *to present it to Parliament* for approval in time to meet tomorrow's deadline. Page 2.

Britain is considering a series of measures to be discussed by EEC Foreign Ministers when they meet informally at Brockett Mall, near London, next month. *These measures are not* designed to replace what remains of the Camp David *process but are to build up the* confidence of the various parties in the Arab-Israeli conflict.

The measures include:

● support for the Lebanese Government, both through public statements and military supplies;

● extending the areas in which the United Nations peacekeeping forces *in southern Lebanon* can operate;

● persuading Israel to rein*force the credibility of the* Camp David process on Palestinian autonomy by allowing *more freedom in the occupied* territories;

● a cessation of propaganda;

● a moratorium on Israeli building of settlements.

Many of these ideas are supported by Egypt. British officials admit the EEC's main problem may be in obtaining Israeli support.

Mr Sadat, who is to lunch with the Queen on Tuesday, is also

Continued on Back Page

Sadat the survivor, Page 13

Move to reform TUC council

BY JOHN LLOYD, LABOUR CORRESPONDENT

A RADICAL restructuring of the TUC general council, which would favour centre and right-led unions, stands its best chance of success at next month's Congress.

A motion from the Post Office *Engineering Union, calling for* a system of council membership elections based on unions' *size rather than on industry* groupings may attract the 1m votes of the Amalgamated Union of Engineering Workers for the first time. On past voting patterns this would be sufficient for a majority.

Similar motions have been defeated by relatively narrow margins at the past three congresses.

The AUEW executive has still to take a decision on the motion. However, both Mr Terry Duffy, its president, and Mr John Boyd, its general secretary, are thought to be in *favour.*

It can count on the support of the third largest union, the General and Municipal Workers' and—on past record—the local government and electricians' unions. The Transport and General Workers' Union, *with 2m* votes, will be the strongest voice against.

The Post Office union proposal is to give representation on the following basis:—

● 100,000—499,000: 1 seat
● *500,000—799,000: 2 seats*
● 750,000—999,999: 3 seats
● 1m—1,499,999: 4 seats
● 1,500,000 and above: 5 seats
● Representation for those with fewer than 100,000 members based on these unions electing their own representatives for the council.

The representation for women workers would be maintained. The motion calls on a *detailed proposal* based on the above principles to be presented to the 1982 Congress, with a time table for the introduction of the changes.

If agreed, the proposal, would bring one member each on the council from medium-sized centre and right-led unions, such as the Post Office union, the National Graphical Association and the Association of Professional Executive Clerical and Computer Staff (Apex). It would be likely to discriminate against such small left-led unions as the Association of Locomotive Engineers and Fire*men (Aslef), and the TV tech*nicians.

Further motions on the TUC agenda, published today, call for opposition to incomes policy, withdrawal from the Common Market, an end to nuclear bases in the UK and legislation on union rights

Why the TUC is good news for Labour, Page 5

Morton joins Massey board

BY WILLIAM HALL, BANKING CORRESPONDENT

MR ALASTAIR MORTON, a former finance chief of the British National Oil Corporation (BNOC) is to join the board of Massey-Ferguson, the *troubled Canadian farm machi*nery company. He is expected to be the first of a number of appointments to strengthen the board of the group which completed a C$715m (more than £300m) refinancing last month.

The move has been made after consultations between the company, the UK authorities and main British banks, which played a leading role in arranging the support operation.

More than a third of the *group's 41,000 workforce* is employed in the UK and Mr Morton, who will also sit on the board of the UK subsidiary, is regarded in the City as an effective nominee of British interests.

Massey-Ferguson ran into serious financial difficulties last year when it lost $225m *(£122m) and had to be rescued* by more than 200 banks. Half a dozen directors, a third of the board, resigned, including Mr Conrad Black, the chairman, whose Argus Corporation owned 16.4 per cent of the *Massey equity. This stake is now* controlled by Massey's employee pension funds.

The banks involved in the refinancing have argued for some time that there was a need to strengthen the board which has traditionally been dominated by Canadian interests. Mr Morton's appointment is seen as part of the process.

Born in South Africa and educated at Oxford, Mr Morton, aged 43, first made his name in the City at the Industrial Reorganisation Corporation under Lord Kearton.

After returning to the City in the early 1970s he joined BNOC and was the architect of the innovative $820m loan financing arranged around the forward sale of oil. As a result of exchange rate movements BNOC had the use *of the money* at virtually no cost to itself for three years.

He resigned as a managing director of BNOC in May 1980 on the appointment of Mr Philip Shelbourne as chairman. Since *then he has been working as a* director and advisor to a number of energy companies.

On the road to recovery, Page 4
Men and Matters, Page 12

Eyes on Mobil in fight for Conoco

BY PAUL BETTS IN NEW YORK

THE NEXT few days are likely to be crucial in deciding the outcome of the takeover battle for Conoco, the U.S. oil and coal company.

The withdrawal period of the *offer by Seagram* expired on Saturday night, with the Canadian distiller and drinks group holding 17 per cent. Du Pont's withdrawal period expires at midnight tomorrow, while Mobil is expected to make a new offer following the Justice Department's request for more information. *This has delayed by at least* 10 days the statutory period Mobil has to wait before buying Conoco shares.

Seagram began paying cash this weekend for Conoco shares tendered in its U.S.$92 a share offer for 51.6 per cent of Conoco. At a preliminary count just over 15.5m Conoco shares, out of a total of about 86m, had been tendered.

After last-minute legal challenges by Conoco, whose directors favour a $7.5bn takeover by Du Pont, the *course has been cleared for* Seagram to proceed with the purchase of Conoco shares from 1 pm on Saturday.

Du Pont, which is offering $95 a share for 45 per cent of Conoco and 1.7 Du Pont shares for all remaining Conoco stock, said it would begin paying for Conoco shares immediately after its withdrawal period expires.

Mobil's higher offer was $105 a share for 51 per cent of Conoco and security with a guaranteed market value of $85 a share for the rest.

Mobil is now expected to make an even higher offer to attract Conoco shareholders. Mobil believes the highest spread between its bid and the two competing may persuade Conoco shareholders to tender to the oil company.

Seagram expects more shares to be tendered to it, although perhaps not as many as *the 44.35m it is seeking to* give it 51.6 per cent control of Conoco. Although the cash *portion of Du Pont's offer* is higher than Seagram's, at current market prices the share portion, the equivalent of about $77 a share, is much lower.

Du Pont is only paying cash for 45 per cent of Conoco shares tendered to it. This could thus persuade some Conoco shareholders to tender to Seagram and lock themselves in with the Canadian company's $9.2 a share cash bid.

Party rift widens as Conservatives try to paper over differences

BY ELINOR GOODMAN

*ATTEMPTS by senior Conserva*tives yesterday to paper over their differences on economic policy only succeeded in drawing attention to the widening public rift within the Party.

Sir Geoffrey Howe, the Chancellor, stuck to his view that the recession was coming to an end, and insisted that there was no real difference between him and other ministers. But Lord Thorneycroft, the party chairman, showe dno sign of sharing the Chancellor's optimism.

In a radio interview, he repeated that h esaw no signs of things picking up. It might be, he conceded, that the recession "wasn't getting any deeper." But "it is deep enough for me and for most industrialists." It was ,he said, what he would call a "very deep recession," and to say that it had not yet bottomed out was "just factual."

Lord Thorneycroft paid tribute to the courage of the Prime Minister an dthe Chancellor—in the Conservative Party a ritual. But the net effect of his remarks over the weekend, together with the call from *Mr Francis Pym, the Leader of* the House, for fresh moves to bolster public confidence in the Government, was to create the impression of a Government more divided than at almost any time since the election.

The differences had long existed within the Cabinet but the way they have been aired in public at the beginning of the parliamentary recess *will* infuriate the Prime Minister who has strong views about *loyality.*

Her best hope must be that her ministers will stop carrying out their negotiations in public, and that by the time Parliament reassembles, the Chancellor will be able to provide evidence that the recession *is over* ,and *that* the Government's policies are beginning to bear fruit.

But as Mr Pym's *speech* at the weekend made clear, the lines have already been drawn for what looks like being a major argument over public spending this autumn. Mr Pym seems to have tried to rally support for mitigating the effects of the recession and so improving the Conservative Party's *standing in the country.*

A number of ministers, not only those who have argued all along for a more sensible approach to spending targets, now agree that public money may have to be spent on the various schemes for hastening the recovery.

As well as more money to cut unemployment and improve training, ministers are floating

Continued on Back Page

Revival in demand seen in FT industry survey

BY DAVID MARSH

BRITISH INDUSTRY sees a glimmer of revival in demand but is worried that recovery from recession looks likely to be sluggish, according to the latest FT survey of business opinion, published today.

The findings bear out last *week's industrial trends survey* by the Confederation of British Industry. That showed the recession had flattened out but there was no sign of a general upturn.

The FT survey, conducted last month, covered the building and construction, food and tobacco, an dtextiles and clothing sectors. Respondent companies reported higher orders and output than when last questioned, in March.

They were also more confident about export prospects following the recent fall in the pound, although several complained sterling was still too high against European currencies.

The index measuring industry's general level of optimism fell last month for the first time since November. In contrast to the most dire months of last year however few companies described themselves as downright pessimistic.

The phase of *heavy* destocking seems to have ended. This supports the impression that the worst of the recession *is over.* Companies are generally more optimistic about increasing in *the next 12 months* stocks of work in progress, raw materials and finished goods.

Improved business confidence has also prompted industry to increase capital investment plans. The number of companies planning staff cuts has dropped. The employment outlook however remains grim, with most respondents still aiming to prune workforces even after the sharp cuts of the parst two years.

Companies generally hope to reduce wage rises to just under 10 per cent over the next year, partly because of tightness on the labour market. Unit costs are expected to rise slightly faster. Price increases generally are forecast to be in the 9 per cent to 10 per cent range.

Details, Page 6; Lombard Page 10

GOVERNMENT COULD BE PUT TO PARLIAMENT TOMORROW

Begin confident of coalition accord

BY DAVID LENNON IN TEL AVIV

MR MENAHEM BEGIN, the Israeli Prime Minister, is confident that he will be able to form his new coalition Government this evening and present it to Parliament tomorrow morning for approval.

If he succeeds, the new administration will be the most hardline in Israel's history, without a single moderate faction among the four coalition partners. In the outgoing government, the now defunct Democratic Movement tried to temper the more extreme tendencies of some of the cabinet ministers.

The Premier held a meeting yesterday morning with all the potential partners at which the basic policy guidelines of the new coalithion were agreed upon. There are still a few issues in dispute over religious legislation and the allocation of portfolios which could torpedo Mr Begin's efforts, but Mr Simcha Erlich, the Deputy Prime Minister, said yesterday that these are marginal issues.

He believes that Mr Begin's threat to return his mandate to the President this week will cause the small parties to drop some of their more extreme demands.

The new coalition will have a narrow majority, commanding 61 of the 120 seats in Parliament. Mr Begin's Likud bloc has 48 and the three religious parties—the National Religious Party, Agudat Israel and Tami—have 13.

The main portfolios have already been allocated with the current Foreign and Finance Ministers retaining their posts. Mr Ariel Sharon is to be Defence Minister. The portfolio was held by Mr Begin since Mr Ezer Weizman resigned

President flies back to Gambia

By Our Foreign Staff

SIR DAWDA JAWARA, President of The Gambia, flew back to Banjul yesterday as Senegalese troops combed the capital for left-wing rebels who attempted to overthrow him last Thursday.

The rebels yesterday reiterated their threat to kill their 29 hostages unless the Senegalese withdraw, setting a deadline of yesterday afternoon. But as the deadline passed, there was no word of the fate of the hostages who include 18 children as well as one of Sir Dawda's two wives and other members of his family and government.

The troops are reported to have rescued one hostage—a Senegalese diplomat found in the radio station recaptured from the rebels.

Senegal says ten of its soldiers have been killed and 36 wounded so far in the battle for the tiny West African state. The Senegalese troops, who are reported to have linked up with forces loyal to Sir Dawda, were invited into the Gambia

A military communique from Senegal claimed that its troops hold all key sectors of the capital, including the main bridge linking the capital to the mainland. Rebel radio broadcasts have continued from a station outside the capital.

Bid to halt U.S. air traffic strike

BY PAUL BETTS IN NEW YORK

HECTIC negotiations between the U.S. Government and air traffic controllers were taking place last night in an effort to avert a threatened national strike today which would paralyse air traffic and cost domestic airlines as much as \$80m (£43m) a day in lost revenue.

But there were signs yesterday that the talks between the air controllers' union and the Government were unlikely to succeed.

Although both parties reached a tentative agreement on a new wage package on June 22, the 15,000 rank and file of the air controllers' union rejected the package by a substantial 20 to one margin. The tentative agreement involved a \$40m package, including, among other things, a \$4,000 a year pay increase for a 40-hour working week. But the controllers have been seeking a \$10,000 yearly wage increase for a 32-hour working week.

It was still uncertain yesterday whether the controllers would walk out today if the latest talks fail or take alternative action such as a work to rule.

At the same time, airline industry officials were unable to predict the full impact of a strike.

Mr Drew Lewis, the Transport Secretary, claimed this weekend that the union demands were "outrageous." Union officials said the chances of a settlement were slim.

A strike could turn into an ugly confrontation for the Government. Mr Lewis warned that the Government would take steps against striking controllers under legislation which bans strikes by Federal employees.

'No decision yet' on MX missile

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. Administration has not made a final decision on the basing of its mobile MX nuclear missile but hoped to do so later this month, Mr Caspar Weinberger, the Defence Secretary, said yesterday.

He denied reports that President Ronald Reagan had more or less decided in favour of putting them on giant aircraft, rather than shuttling 200 missiles around 4,600 silos in Utah and Nevada, as planned by the Carter administration. All options are still under study, Mr Weinberger said on ABC television.

Earlier, Senator John Tower, chairman of the Armed Services Committee, said Congress probably would reject basing the missiles in aircraft. Most members of the Senate and House Armed Services Committees thought the concept "too unreliable, too costly, and of questionable survivability."

The idea of putting the missiles aboard aircraft has been examined and rejected in the past. But a special commission appointed by Mr Weinberger has been re-examining all 30 possible basing methods originally considered by the air force before selecting the plan for multiple shelters in Utah and Nevada. Senator Tower said Mr Weinberger had assured him that the latter plan, which has aroused considerable local opposition, was still possible, perhaps with modifications.

Mr Weinberger reaffirmed the Administration's continuing strong support for the missile and said he was hoping the 1985 deployment target could be brought forward.

Salisbury-Pretoria relations sour

BY OUR SALISBURY CORRESPONDENT

RELATIONS BETWEEN Salisbury and Pretoria are likely to sink to a new low after the assassination on Friday of Mr Joe Gqabi, a senior member of the executive of the African National Council of South Africa.

Mr Gqabi, named as a possible successor to Mr Oliver Tembo, the ANC secretary general, was shot in his car at his Salisbury home.

No direct evidence linking South Africa with the killing has been revealed, but Zimbabwe officials say they have no doubts the orders emanated from Pretoria. Dr Nathan Shamuyarira, the Information Minister, said the Government believed the "brutal act was the dirty work of unscrupulous agents of the racist South Africa regime."

He reaffirmed his Government's strong support for the struggle being waged by the ANC and the Pan African Council, a rival nationalist group.

The assassination has come at a time when Zimbabwe needs to work much more closely with its powerful southern neighbour, particularly to ease its mounting transport problems. Diesel fuel supplies have been cut by 20 per cent because of delays in delivery by rail from South Africa.

Zimbabwe's grain marketing board requires 500 railway wagons a week to move its record 1m tonne maize surplus, much of it destined for export, but it is getting less than 25 per cent of its requirements.

Officially, the Zimbabwe Government does not recognise the ANC's presence in the country. But the party maintains an office above shops in the older part of the city. Mr Gqabi escaped an earlier attempt on his life in February when security forces defused a bomb in his car.

Strikes close steelworks in Canada

By Victor Mackie in Ottawa

TWO OF Canada's biggest steelworks have been closed by strikes. About 20,000 workers at Stelco in Hamilton, Ontario rejected a management pay offer at the weekend and walked out. They joined 10,000 strikers at Algoma Steel of Sault Ste Marie, Ontario, who stopped work last week.

There are hopes, however, that the stoppages may be short-lived. Algoma workers are expected to votet on a new contract offer early this week, and officials claim there is a distinct possibility they will return to their jobs.

The proposed contract at Algoma could provide a pattern for a new collective agreement at Stelco.

Iranians bomb Iraqi oil installations

Iranian aircraft yesterday bombed oil installations at Tikrit, 100 miles inside Iraq, according to Tehran radio, AP reports. All the aircraft returned safely after destroying 80 per cent of the installations at Tikrit, birthplace of Iraqi President Saddam Hussein, the radio said.

In Tehran, Ayatollah Khomeini swore in Mr Mohammad Ali Rajai, the former Prime Minister, as Iran's new President, while in Paris his predecessor, Mr Abol Hassan Bani-Sadr, said he planned to return to Iran "in a few months" to help to depose the Ayatollah.

Muldoon poll threat

New Zealand's Prime Minister, Mr Robert Muldoon, has threatened to call a snap election on the issue of law and order if a conference today of all sides involved in the Springbok rugby tour controversy fails to find a settlement, writes Dai Hayward in Wellington.

Ministers give go-ahead for North-South summit

BY WILLIAM CHISLETT IN CANCUN, MEXICO

FOREIGN MINISTERS from eight industrialised nations and 14 developing countries agreed yesterday to go ahead with the "North-South" meeting of Heads of State in October, which they hope will open the door to global negotiation on world economic development.

Ministers, including Lord Carrington, the British Foreign Secretary, Mr Alexander Haig, the U.S. Secretary of State, and Huang Hua, the Chinese Foreign Minister, agreed to discuss food, energy, trade and industrialisation, and finance without a formal agenda or a final communique. Other topics could also be raised.

They also agreed to invite Dr Kurt Waldheim, the UN Secretary-General, to attend the October Cancun meeting.

While Ministers were anxious not to link the Cancun summit with attempts to relaunch the stalled UN global negotiations, the presence of Dr Waldheim in October suggests that the two may well be linked.

Western diplomats said that there was a consensus now to try to get global negotiations going and that Cuncan could provide the necessary impetus.

The main stumbling block to global negotiations has been the U.S., which has been wary of accepting demands of developing countries for a more equitable distribution of wealth through the UN, where poor countries have a majority.

● The U.S. is broadening its effort to try to build the present shaky ceasefire in Lebanon into a comprehensive peace settlement, a senior U.S. official said.

The official, who is accompanying Mr Haig to the Cancun meeting, said that the effort would focus on three points.

These are: broadening the areas in Lebnaon patrolled by UN forces, urgent efforts to strengthen the central Government of Lebanon and its military forces, and assistance from European allies as well as Arab nations of the region.

Balsemao hits out at intrigue in own party

By Diana Smith in Lisbon

THE PORTUGUESE Prime Minister, Sr Francisco Balsemao, has attacked "intrigue" and "indiscipline" in his own Social Democrat Party which is hampering his efforts to reorganise his cabinet.

"I have reached the limits of my tolerance," he said in a weekend speech. "I will brook no defiance." His challenge came after three conservatives refused his offer of seats in the executive.

He was snubbed by Sr Enrico de Melo, a former Interior Minister, and Sr Anibal Cavaco Silva, former Finance Minister.

Sr Diogo Freitas do Amaral, the Social Democrat Party leader, who has run a low-key campaign against Sr Balsemao, also refused a ministry.

Sr Balsemao was forced into shuffling his cabinet by the resignation last week of Sr Macedo, Social Affairs Minister

Torrijos's death poses problem for Panama

By Hugh O'Shaughnessy

PANAMA IS left with a power vacuum following the death on Friday of General Omar Torrijos, the country's leader, killed when his aircraft crashed in deep jungle 60 miles west of Panama City. He is to be buried tomorrow.

Negotiator of the treaties under which the U.S. in 1978 handed control of the Canal to the Panamanians, Gen. Torrijos was an important force in Latin American politics despite the small size of his country.

His death raises queries about the future of the strategically placed republic. Panama's President is Sr Aristides Royo, a young lawyer, but the main decisions of state had been taken by Gen Torrijos from his power base as commander of the National Guard, Panama's only armed force.

He seized power in 1968 from the veteran civilian populist President Arnulfo Arias and ruled either as President or as Guard Commander until his death.

Gen Torrijos relinquished the presidency in 1978 to the man of his choice, Dr Royo, having fulfilled his aspiration of wresting control of the waterway from Washington.

From then on, he devoted himself increasingly to international affairs, aiding the insurgents against Gen Anastasio Somoza in Nicaragua and, latterly, the guerrillas fighting President Duarte in El Salvador, and seeking the freedom of ex-President Isabelita Peron in Argentina.

Though never a socialist and always a friend to the international banks, which, under his rule, set up operations in their scores in Panama City, he had good relations with President Fidel Castro of Cuba until they were clouded earlier this year.

He had been expected to seek, and win, the presidency in free elections scheduled for 1984.

It is not clear whether the Spanish-trained President Royo has enough authority to impose his will on potential aspirants to power from the National Guard or from among the civilian politicians.

If President Royo does stay in power his government is likely to be increasingly business-orientated and discreetly backed by Washington.

Carrillo voted party leader

SR SANTIAGO CARRILLO was re-elected secretary general of the Spanish Communist Party at the weekend. He has held the post for 21 years, writes Tom Burns in Madrid.

In a break with a tradition of near unanimity, however, he won only 687 of a possible 1,056 votes in the election for the party's central committee. He was elected secretary general with only one abstention.

The low poll reflected the persistent criticism at the party congress that the old guard leadership is unwilling to implement internal democracy.

Japan eases the way for European car imports

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE FIRST signs that Japan might be willing to dismantle some of the non-tariff barriers to car imports appeared at the weekend when the Volkswagen Golf became the first car to get a type approval certificate.

Issue of the certificate means that Golfs will no longer have to be tested one by one when they arrive in Japan, to ensure they meet the country's emission control and safety standards.

It was the Japanese Transport Ministry which pushed through type approval for the Golf. The move was not initiated by Volkswagen itself.

The Japanese have been severely criticised for several years about the enormous imbalance in their car trade with the rest of the world.

Last year only 44,871 imported cars were sold in Japan taking just under one per cent of the market.

Compared with that, Japan exported 3.947m cars or more than half the 7.038m it produced last year.

Japan's testing procedures have been attacked often in the past by foreign car manufacturers as a major non-tariff import barrier.

Although in theory the foreign companies could have applied for type approval certification they find it cheaper to have cars tested individually because sales volumes are so low.

But now the Japanese authorities obviously hope that the certification of the Golf—the best-selling import in Japan with sales of 14,000 last year—will encourage other manufacturers to apply for type approval on a model-wide basis.

● Nissan Motor is buying land for a new engine plant at Aguas Calientes City, 500 kms north of Mexico City, AP-DJ reported from Tokyo. The group plans to use Mexican-made engines for cars and trucks manufactured in both Japan and Mexico.

The purchase is part of an effort to sustain overseas sales in the face of emerging trade barriers. Nissan noted that demand for small cars had tapered off in Japan. The group's Mexican unit, established in 1961, produces annually about 72,000 cars and trucks and 110,000 engines.

IMF REPORT

Build-up in sales to West stalls

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE GOVERNMENTS of industrialised countries have continued to resist growing demands for generalised restrictions on foreign trade. But progress in opening up markets to the exports of developing countries has "virtually stalled."

This is the main conclusion of the annual report on exchange arrangements and exchange restrictions, published today by the International Monetary Fund. The report saw intensified demands for protectionist measures in industrial countries in the period covered—1980 and the first part of 1981.

Demands for export restraint agreements and other protectionist measures have spilled over into new sectors, such as motor vehicles, electronic equipment and petrochemicals, the fund says.

By early this year, "negotiated or unilateral limitations, supplemented in certain cases by anti-dumping or countervailing duties, and subsidies for domestic production, constrained to varying degrees the trade in textiles and clothing, footwear, steel, ships and certain consumer electronics."

It is "noteworthy," however, that the non-oil developing countries have avoided a significant increase in restrictions, despite even greater payments difficulties.

"It reflects, to an important extent, the ability of the international markets to meet their financing needs, as well as the sharply increased financial assistance provided by the fund in support of comprehensive adjustment programmes."

External arrears, however, remained a serious problem for many developing countries. While none of the countries reported to have been incurring payments arrears in 1979 is known to have eliminated them in 1980, the total outstanding on current and capital payments declined slightly to about SDR 5.3bn (£3.2bn) at the end of last year.

That was equivalent to about 42 per cent of aggregate merchandising exports of the 26 countries concerned, the fund said. It compares with outstanding arrears of about SDR 0.7bn at the end of 1975, equivalent to just under 10 per cent of the value of exports in 1975 by the 13 countries involved.

Import controls were, on balance, tightened, with the notable exception of a few countries, mainly in Asia and South America. But there was less reliance on advance import deposit requirements, reversing an earlier trend.

Westinghouse to supply technology for Sasol plant

BY LACHLAN DRUMMOND IN NEW YORK

WESTINGHOUSE ELECTRIC is to instal a 1,200-ton-a-day coal gasification system at the Sasol II synthetic fuel facility in South Africa.

Westinghouse is to provide the technology and parts for a pressurised, fluidised-bed coal gasification plant to be built by Sasol by 1983. Westinghouse and Sasol will license the technology to third parties once the plant becomes commercial.

The value of the deal between the two companies has not been disclosed.

The system will be the first full scale demonstration version since development started in 1970. Westinghouse has operated a 35-ton-a-day pilot plant for 7,000 hours and, since the spring, has been working with a 600 to 700 ton version.

As well as high efficiencies and low water use claimed by Westinghouse, Sasol was attracted to the system for its ability to handle the increasing amounts of fine coal being mined in South Africa. The pilot plant has used almost all varieties of coal, including lignite.

Sasol has been using the Lurgi coal gasification method for almost 30 years at its synthetic fuel plants and is continuing to develop this process. The Westinghouse plant will be connected to the further processing systems for the production of synthetic fuels at the Sasol plant, where 89 gasifiers use the Lurgi process.

Caterpillar deal approved

WASHINGTON — The Reagan Administration has approved the export of new pipeline-laying equipment to the Soviet Union, accompanying the announcement with assurances for European nations that are uneasy about becoming overly dependent on Soviet gas supplies.

The Commerce Department said approval had been granted for export of 100 pipe-layers by Caterpillar Tractor.

The Government controls export of such oil and gas pipelayers "for foreign policy reasons," it said. But they "represent low-technology equipment."

AP

SHIPPING REPORT

Charter markets 'weak, drab'

By Our Shipping Correspondent

WEAK, DRAB and depressing were the various descriptions given by shipping brokers to the charter markets last week, with few discernible ripples in the sluggish conditions of the oil or dry cargo trades.

E. A. Gibson contrasted the splendour of the royal wedding with the lack of glamour and excitement in the tanker market.

It said the market continued to bounce like a tennis ball between the partners in ARAMCO (Arabian American Oil Company), with Exxon securing tonnage for voyages from the Gulf to the West at Worldscale 23½. The only reported fixture of a ULCC (ultra large crude carrier) was at a lowly Worldscael 21½ at slow speed and with a storage option.

On the bulk cargo side, there were only a few fixtures in iron ore across the Atlantic, all below previous levels. Atlantic coal business has also stayed very depressed, said Galbraith Wrightson, and rates have gone down further.

The coal market from Hampton Roads to Japan has declined by about \$1.50 a ton. Even so, a number of ships have been returning through the Panama Canal to load again in September with U.S. coal for Japan.

● UKWAL, United Kingdom West Africa Lines has chartered a second roll-on/roll-off cargo liner to meet increased demand for the export of mobile cargo.

The vessel is the 1978 built "Anzere" which has a ramp capable of handling mobile cargoes of up to 133 tonnes.

The Swiss flag "Anzere," which has a 19 knot service speed, is expected to make its first voyage in the UKWAL service from London on September 11.

World Economic Indicators

FOREIGN EXCHANGE RESERVES

(U.S.$m)

	May '81	Apr. '81	Mar. '81	May '80
UK	15,979	18,038	18,487	20,373
USA	10,899	11,251	11,895	5,844
W. Germany	46,041	45,538	45,979	42,778
France	27,201	27,732	27,759	23,788
Belgium	5,642	5,508	4,789	5,057
Netherlands	8,032	8,872	9,656	8,949
Italy	14,456	16,049	16,384	20,923
Japan	24,102	23,742	23,341	17,315

Source: IMF

ITALIAN TOURIST INDUSTRY

Rising prices keep foreign visitors away

BY JAMES BUXTON IN ROME

ITALIANS have been anxiously watching border posts and airports to see whether the start of the main European holiday period is going to save what has so far been a poor Italian tourist season.

By the beginning of last month, the number of foreign visitors coming into Italy was unofficially down 20 per cent on 1980, not itself a good year for tourism. The number of charter flights expected at Rimini, on the Adriatic coast, is expected to be nearly 30 per cent down this year on last year.

In the north and centre of the country the fall so far ranges from about 5 to 20 per cent. But the Sorrento Peninsula, south of Naples, reports a 30 per cent drop, and Taormina, the resort in Sicily at the foot of Etna, is suffering a 40 per cent slump in visitors.

Rome is visibly less crowded this year and the best rooms in the good hotels can often be had on demand. Only the very fashionable resorts of the Tuscan Coast and Sardinia are not complaining: the rich of Europe are still coming.

A sharp improvement this month and next is badly needed. Tourism is a vital industry in Italy. The nearly 50m foreigners who came here last year spent L7,600bn (\$8.4bn at the then exchange rate), according to the official figures. Without the surplus on tourism of L6,000bn, last year's balance of payments deficit would have been twice as big as it was.

The basic reason for this year's drop in tourist arrivals is the recession in Europe. But that, according to the Italian analysis, is not so much preventing people from taking holidays as making them more cost-conscious. Italy has become expensive.

Although the lira has fallen more than 30 per cent against the dollar in the last eight months, there has been only a 2 per cent effective devaluation against the currencies of the European Monetary System. This cannot compensate for the big difference between Italy's 20 per cent inflation rate and that of most other western European countries — tourists doing their sums see that the beaches of Yugoslavia, Spain and Greece are cheaper. Americans, meanwhile, are said to plan their holidays too far in advance to take advantage of the weak lira.

Behind these figures is a more worrying structural problem. Other countries have more ruthlessly developed organised tourism than Italy, providing inclusive packages to large, modern hotels. Much of Italian tourism reflects the individualistic nature of the country: there is less mass organisation, and hotels are mostly relatively small and personal.

Many people would argue that this fragmentation is part of the pleasure of going to Italy, but the tourist industry believes that much of Italy's tourist "infrastructure" is out of date: it says there should be a big programme of constructing new hotels with better swimming pools, gardens and other facilities.

The lack of organisation and development reflects the declining energy of the Italian State Tourism Authority, and the lack of initiative from the Government, despite the existence of a Ministry of Tourism. The promotion of Italian tourism abroad is often ill-coordinated; the drive that in the 1960s made "Sunny Italy" the world's biggest tourist destination is lacking.

Yet concerted action of any kind in Italy is difficult, if not impossible. The competing interests of different groups of Italians are responsible for many of the immediate problems of this year's so far disappointing tourist season.

Strikes by Alitalia pilots have gone on intermittently all this year, although they appear to have been suspended for the moment. Strikes by air traffic controllers have affected all airlines, while currently a series of strikes is going on in the more unionised and larger hotels and restaurants. But so far this year there has been no reported kidnapping of tourists who, until the Rolf Schild case in 1979 were left alone by kidnappers. Terrorism, however, continues almost unabated.

It is also likely that last November's earthquake has discouraged many people from going to southern Italy, even though the main tourist areas were almost completely unaffected. Despite a public relations campaign to counter the bad publicity, the enormous television coverage the earthquake received around the world may have shown a darker side of life in southern Italy than many people had realised existed. This could be moulding their judgement of the whole country.

Trevor Humphries

Portofino in northern Italy. Tourist numbers have decreased by up to 20 per cent in the north but the decline is sharper in the south.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates [illegible] per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Another big fall likely in official reserves

By David Marsh

THE CITY expects another big fall in official reserves will be announced by the Treasury tomorrow.

Holdings of gold and foreign currencies, which declined by $856m (£465m) in June to $25.63bn, are likely to have dropped further in July, mainly reflecting fresh repayments of overseas debts and Bank of England intervention to smooth last month's fall of the pound.

Last month Britain repaid $76m of its oil facility borrowing from the International Monetary Fund, along with a further portion of the $2.5bn *Eurodollar loan raised by the* Labour Government in 1974.

The Bank of England also sold dollars during sporadic intervention to support sterling. The Bank has not changed its basic policy of trying to iron out large-scale movements rather than to defend a particular rate, but on at least one day last month, dealers thought it spent more than $100m in intervention.

In June, the reserves fell by an underlying $388m after taking account of debt transactions, the biggest underlying *fall for more than 18* months.

The reserves total for July will also have been affected by the quarterly revaluation of Britain's holdings of European currency units. Because of the drop in the gold price, which partly governs the volume of Ecu stocks, the revaluation may also have depressed the reserves.

U.S. continues to back coal project

THE U.S. GOVERNMENT intends to go on funding an experimental coal project at Grimethorpe, South Yorkshire, despite its earlier threats to withdraw.

Officials in Washington confirmed yesterday that $9m *(nearly £5m) has been* earmarked to fund the project in 1982. The Reagan Administration announced it was pulling out as part of its budget cutting, but was told that withdrawal would mean it would not be shown the results of experiments.

The Grimethorpe works, the biggest of its kind in the world, has cost £20m to build over the past five years. It has been jointly funded by the UK, West Germany and the U.S. under the auspices of the International Energy Agency. The National Coal Board is managing the project.

UK reorganisation by Whitbread

WHITBREAD is to reorganise its British operations into four trading companies over the next 18 months in an attempt to make the brewery more cost effective and to boost local identities for its products.

The company's 17 trading locations are to be grouped into four trading regions instead of the present eight. The new areas will be the East Pennines, West Pennines, the South and East and the South West.

Whitbread says the impact of the changes will be most pronounced in the South, where the company is strongest in the UK.

Mr Charles Tidbury, the chairman, said direct communications, cost effectiveness, quality control, staff morale and initiatives should all be improved by the changes.

Tootal withdraws from warp knitting

TOOTAL is to withdraw from warp knitting manufacture with the closure of its Condura Fabrics plant at Flinby, Cumbria. The 60 staff will be made redundant in October.

The plant was opened in 1970 and later doubled in size at a cost of £3m to produce a total of 15m metres of fabric a year for the clothing, household textiles, automotive and industrial textiles market.

Chevron disappointed by N. Sea test well

A NORTH SEA exploration group led by Chevron has reported disappointing results from a well drilled close to the Ninian Field, about 100 miles north-east of the Shetland Islands.

The well, in block 3/7a, had located some "encouraging shows of hydrocarbons." Chevron, and its partners—British National Oil Corporation, Deminex, ICI and Murphy/Ocean—have plugged and abandoned the well, which was sunk to 12,188 feet.

Companies House delay warning

THE Department of Trade warned yesterday that it may be several months before Companies House in Cardiff and London returned to normal working.

There was a huge backlog as a result of the protracted Civil Service strike, the Department said. It expected that it would take three weeks to update the records because 450,000 changes were needed.

Mountaineers test survival ability in the equipment industry

THE NEW ENTREPRENEURS

Rhys David reports on three climbers who are finding the recession as tough to beat as the Himalaya's Rokapi peak

MR KEN RAWLINSON, a *37-year-old Northumberland* chartered accountant, was once a member of a two-man team which scaled the previously unclimbed Rokapi peak in the Himalayas.

He is now in a three-man team testing his ability to survive in another difficult environment — the intensely competitive mountaineering equipment industry in the depth of a recession.

Their two-year-old company, Phoenix Mountaineering of Amble, Northumberland, may not have reached the top yet but has firmly established itself with turnover rising from £14,000 in the first year to £197,000.

One of the most important selling points for the company is that its tents, sleeping bags and insulated clothing are designed by three equal partners who know what mountains are like.

Apart from Mr Rawlinson, who has been climbing for 13 years, Mr Roger Garrett, 43, a former army regular, spent six months living in the mountains of North Yemen as an adviser *to royalist forces during the* civil war of the late 1960s. Mr Alan Waugh, who is 31, has climbed extensively in Britain and the Alps.

The three got together to set up Phoenix when the mountaineering equipment company they worked for, Ultimate Equipment of Alnwick, was taken over in 1979 and their future prospects seemed mixed.

Mr Rawlinson was made redundant. Mr Garrett, previously in charge of sales, was offered a job as a representative in Scotland and the north-east. Mr Waugh, whose responsibility had been for production, was offered a transfer to the Halifax headquarters of Reliance Knitwear, the new owner.

Phoenix

All three wanted to stay in the remote Northumbrian countryside and were convinced they could go it alone.

Apart from their climbing experience they had a balance of sales, production and finance skills. There was also the fact, Mr Rawlinson argued, that it is a specialist field in which a lot of small companies operate and not all of them were paying sufficient attention to looking after the equally small and specialist outlets.

"We felt there was an opening because suppliers were letting retailers down by not delivering on time and by not offering consistent quality," he said.

After pooling their savings to raise £3,000 the three started work designing equipment in Mr Waugh's kitchen, later moving to a room above the local rent office big enough for a pattern table and a machine to make up samples.

As the first orders came in, the company moved to a new 5,000 sq ft factory. This was followed by a call on the Council for Small Industry in Rural Areas (Cosira), then running a new venture scheme with Barclays Bank. Mr Ivan Watson, a local Barclays manager, who knew all three, agreed to an overdraft facility of £25,000.

"The bank felt the company had a good management team and good product knowledge," said Mr Watson. "They were fully aware too they were going into a highly competitive market."

The presence in the team of a chartered accountant was vital. "We knew we could be sure of getting figures each *month and of always being in* touch with the financial side of the business, Mr Watson said. "In many new businesses this is very often the weak spot."

Output is now up to the equivalent in all products of 250 jackets a week and employment *—mostly women—*is up to 15.

Profits fell back from £22,500 in the first year to only £8,500 last year, but this is accounted for at least in part by the area's loss of assisted status. In the current year profits of around £23,000 are being forecast.

The company's success so far has been earned by very hard work and a determination to survive. The three are all at work before the factory opens at 8.20 and operate from heaped tables at one end of the building rather than well-equipped offices.

In the first year all three *helped to make the products* themselves, cutting cloth, tying guys on tents, and putting press studs on garments. "I thought of including a ticket with the various items saying 'hand-made by chartered accountant'," Mr Rawlinson joked.

There have been considerable financial sacrifices too. In the first year the three paid themselves £1,820 and were effectively living off their wives' incomes. "We were the lowest-paid people here," Mr Garrett said.

All three have had to learn very quickly how to adapt to the very difficult trading conditions of the past 18 months —a training they believe will come in very useful in the future.

Mr Ken Rawlinson, Mr Roger Garrett and Mr Alan Waugh, the founders of Phoenix Mountaineering

In the first year the company concentrated on a relatively simple range of well-made products which were supplied to a limited number of outlets. Problems were encountered with last year's savage retail destocking and a fairly frantic *search was made for new out*lets, and a team of agents appointed.

At the same time it was realised the company would have to increase the sophistication of its products which, though generally better made, were not visibly very different from those of rival suppliers, including importers now starting to make an impression on the market.

Much of the company's output is now based on new fabrics and fabric combinations offering improved insulation at lower weights. To fill capacity in the slack summer months, Phoenix also began making ski-wear this year, and through representation at the various camping trade exhibitions on the Continent is hoping to build up some export business.

The aim, however, is to remain relatively small and specialist. The three partners want to retain their own close personal involvement in the *products they are making and* to avoid at all costs taking orders they cannot deliver.

Low volume production is also seen as the best way of maintaining quality and job satisfaction.

The three reckon it will take three to five years before their efforts begin to bring rewards but there are one or two signs already that the real hardships of the first two years are lifting. At a recent board meeting they decided they could pay them*selves £6,000 each this year.*

They also feel able to take a holiday this summer. Predictably enough, Mr Rawlinson and Mr Waugh are off to the Alps for three weeks climbing — equipped of course with Phoenix mountaineering gear.

Move to close car imports loophole

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT is preparing to close the loophole which *permits British motorists to buy* cars on the Continent, where they cost up to 40 per cent less, and bring them straight into the UK.

Attracted by low prices, which are made even more attractive by the high value of the pound *compared to most other Euro*pean currencies, and the recent publicity given to the topic, thousands of Britons have been attempting to order new cars in Belgium and Germany.

The existing regulations allow an individual to drive his *"personal import" to Britain* immediately the purchase has been completed.

However, the Government is likely to take the advice of the Society of Motor Manufacturers and Traders, which has suggested the regulations should *be changed so that a car would* have to be used for at least six months on continental roads before being able to qualify as a "personal import."

Asked by the Department of Industry for its views, the society also suggested that the *regulations should be enforced* by concentrating on the individual rather than the car.

A "personal importer" would have to prove he was in a position to have driven the vehicle on the Continent for at least six months.

It is not possible to gauge the scale of the "grey" import problem. But VAG (GB), the Volks*wagen-Audi importer, estimates* that around two-thirds of the right-hand-drive VWs brought to Britain from West Germany in the first quarter of 1981 came into the "grey" import category.

Unofficial estimates suggest that between 30,000 and 40,000 *cars have come into Britain in* the past year through this unofficial channel.

But it has not been simple for individual buyers to find dealers willing to provide the cars they want with British specifications.

Sometimes manufacturers *quote long delivery dates and* just as often the continental dealers do not want the bother of handling a right-hand-drive vehicle.

This has resulted in a proliferation of companies in the UK offering to steer potential *buyers through the pitfalls and* paperwork of a continental car purchase.

The regulations which permit a person to bring a car to the UK were formulated to take account of businessmen who have been working abroad or *servicemen who want to bring* a car back with them when they return.

A car can be registered in Britain as long as "the vehicle has been used by that individual or his dependants on roads outside Britain before it *is imported."*

High discounts to fleets erode car makers' profits

BY JOHN GRIFFITHS

JUST HOW fierce the battle for new car sales became in the UK last year, and how badly the motor trade's profit margins *were eroded, emerges from* statistics just published on the discounts negotiated by fleet purchasers who account for well over half the new car market.

The statistics, in the Company Secretary Review's Survey of Company Car Schemes, cover 1980 and use 1978 for comparison.

But it is likely that the comparison of the current year to date and 1979 would make—from the motor trade's point of view—even more depressing reading. New car sales in 1979 were a record 1.71m, allowing even less scope for discounting than in 1978. Sales so far this year are running at a lower level than in 1980.

Of 3,943 companies operating fleets of 10 cars or more last year, 30 per cent were able to negotiate discounts of more than 14 per cent. More than three-quarters of that 30 per cent achieved 14½ to 15 per cent. A small minority reached 19 per cent.

In 1978, only 13 per cent of 3,045 companies reporting managed discounts of more than 14 per cent. Much the largest proportion—just under half—received 12½ to 13 per cent. Last year, 31 per cent were in this bracket with the bulk of discounts at a higher level.

The survey shows up a number of changing trends in companies' policy towards buying and operating vehicles, all influenced by recession.

Most notably, the type of car —the most important factor in purchasing policy in 1978—was overtaken by the factors of cost and reliability.

Company Secretary's Review Survey of Company Car Schemes. Tolley Publishing Company, 209, High Street, Croydon, Surrey.

New shares raise £1m for jobbers

By Christine Moir

CONTROL OF Bisgood Bishop, one of the leading jobbing firms, is to pass into the hands of seven investing institutions.

Existing shareholders have agreed to plans for the injection of £1m of new capital into the firm, on terms which will leave the institutions owning 53 per cent of the enlarged capital.

Bisgood already has three institutional shareholders — Bricomin Investments, Legal & General Assurance and Williams & Glyn's Bank — which together own 30 per cent.

They have agreed to subscribe £100,000 apiece to preserve their existing stakes and Samuel Montagu, Bisgood's merchant bank, is placing the majority of the remaining 1.4m new shares at 50p a share with four other "leading institutions."

Management will also subscribe for a small amount of the *new shares.*

Mr Ed Puxley, chairman of Bisgood, said the company needs a wider and permanent capital base.

The firm has begun jobbing in selected North American shares. Dealing in foreign *securities, Mr Puxley said,* "is very capital-intensive." Turnover and gross profits so far have been good but at the net level the firm is only breaking even.

Settlement costs on overseas dealings were "horrific," he said partly because of increased handling costs but mostly because of overdrafts, needed to carry stock between U.S. seven-day settlement periods and the fortnightly settlement in the UK.

The other capital-intensive area is the Unlisted Securities Market. New issues in the USM simply "tied up capital," said Mr. Puxley.

As a result, while the company's £2m of capital and reserves had been "under-utilised" a year ago, the firm now *is "using its capital to the hilt."*

News of the firm's capital reconstruction coincided with publication of the company's results for the year to April 30.

On a 50 per cent increase in turnover, the firm made a dramatic turnround from pre-tax losses of £239,000 to profits of £999,000.

The only disappointing area is traded options. Bisgood considered pulling out of the options market, where it continued to lose money last year. But in recent months the market has improved slightly and the firm will stay in at least until the autumn.

Bisgood is to pay shareholders a final dividend of 14p, making a total of 20p against last year's maintained 19p. In addition, there is to be a special payment of 2½p a share.

NEDO challenge to Howe recovery claim

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT'S optimism that the recession is at an end is likely to come under attack from leaders of both sides of industry on Wednesday when the National Economic Development Council holds its last meeting before the summer holidays.

Papers will be presented by Sir Geoffrey Howe, the Chancellor, and the National Economic Development Office, assessing the progress of the *Government's economic poli*cies.

Sir Geoffrey is likely to be more confident than the rest of the council that the recession is over, and to vindicate the Government's policies.

The NEDO paper will stress that the Government has failed to satisfy the "central but currently unobtained objectives" of bringing inflation into single figures and curbing unemployment.

The paper will ask whether unemployment can be reduced on present policies before there is another bout of inflation.

NEDO's economists have been forced to produce the paper by the TUC, which refused to agree to another of the council's regular macro-economic reviews unless an independent assessment was presented in addition to a progress report from Sir Geoffrey.

They therefore plead that it is "particularly hazardous to review a two-year period during which an explicitly long-term prospective has been adopted."

This means that they have found it difficult to produce positive evidence of economic improvements since the last general election, but realise that the Government would argue that one should not look for short-term gains in a long-term policy.

The NEDO has been further embarrassed by the fact that Mr Geoffrey Chandler, its director-general, has said that the Government ought to change its policies on matters such as pay and industrial support.

The Chancellor will base much of his optimism on last week's CBI industrial trends survey, which showed that output had stopped falling and that there had been a marginal improvement in business confidence.

He said in the Commons last Wednesday that this showed the recession was at an end. The CBI disagrees because its members can see no evidence of a general increase in demand or output.

Real earnings of UK shipping decline

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITAIN'S shipping industry made a slightly higher net contribution of £1.15bn to the country's balance of payments last year, but the increase was too small to keep pace with inflation.

The contribution, which compared with £1.14bn in 1979, was achieved despite a reduction of 8 per cent in the size of the UK fleet, said the General Council of British Shipping.

Mr Edmund Vestey, president of the GCBS, said the continued decline in the fleet was worrying, with profitability generally low.

This was a deterrent to new building and the need to encourage investment had led the council to press the Government to reintroduce investment allowances, he added. These were ended in the 1960s.

Export earnings of UK-owned and registered merchant ships totalled £2.24bn in 1980 against £2.19bn before deducting fuel, port, cargo handling and other charges.

The actual import savings from the UK fleet last year were £516m, a fall of £9m on the previous year. This represents money which would otherwise have been paid in freight charges and passenger fares to foreign owners.

Mr Vestey said the fall in the balance of payments contribution in real terms was inevitable with the decline in the UK fleet.

Since the end of 1975, the UK-owned and registered fleet had fallen by nearly 30 per cent from a peak of 50m deadweight tons, he said. He blamed this on both the world recession and a growing loss of competitiveness through high manning costs.

Latest figures from the GCBS show that the fleet fell by a further 750,000 dwt in May this year to just over 34m dwt.

Scottish Office reviews future of new towns

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE SCOTTISH Office has started a long-range review of plans to wind up Scotland's five new towns.

East Kilbride, Cumbernauld, Glenrothes, Livingston and Irvine were set up after the Second World War to provide jobs in areas of industrial decline and high unemployment.

The review would be the first step to carry out the original aim of phasing out the new towns when they reach their population targets. Some are getting close to their targets.

But opposition is likely to come from the towns themselves. The corporations will argue that they continue to be growth points in the ailing Scottish economy, attracting industries seeking a home.

New towns in England and Wales have already been given their termination dates by the Government.

According to officials yesterday, the review would study the transition of new town corporations to local government authorities, and study the rate at which houses had been sold to tenants under present government policy to sell off council housing.

It would also review how the assets had been sold to the private sector. Factory space rented out by the corporations could be turned over to another authority, possibly the Scottish Development Agency, according to one proposal.

The government policy to sell off new town assets to the private sector has been in operation for some time. In November 1979 the towns were asked to prepare lists of property to be sold off.

At the time, however, Mr George Younger, the Scottish Secretary, was thought to have opposed any big sales because of the role of the towns in attracting industry.

Earlier this month Mr Alex Fletcher, the Minister for Industry at the Scottish Office, assured East Kilbride in a speech opening an industrial estate that "the Government regards the new towns as one of the mainstays of the Scottish economy, and we will continue to support them to the hilt as major instruments of economic growth in Scotland."

The Scottish Office has counted on the professional expertise of the industrial development teams in the new towns to produce sales packages attractive to industry. They regard the towns as more efficient promotional bodies than Scotland's local authorities.

Both past Labour and Conservative Governments have agreed on phasing out the towns as they approached their population targets. East Kilbride has a population of 71,000 and a target of 82,500. Officials reckon it might be phased out by the end of the decade with other towns following.

Volvo advances revised 300 launch

By John Griffiths

VOLVO IS bringing forward the UK launch of revised versions of its 300 series medium cars, which are to go on sale next week.

It claims to have done so because its British dealer network exhausted stocks of 1981 models in the first half of this year. These had originally been expected to last until the autumn.

Despite an 8 per cent fall in the new car market overall up to the end of June, sales of the 300 series are running 33 per cent above 1980 levels. In the first six months of this year 11,380 were sold against 16,700 for the whole of last year and 10,900 in 1979.

Volvo expects total sales of the 300 model this year to top 20,500. The model's market share has increased from 0.97 per cent last year to 1.43 per cent.

The revised models have a restyled front end, larger headlamps with a wash-wipe system and new integral bumpers. The interior trim has also been improved and the engine modified to provide more torque.

The new 300s will cost 2 per cent more, starting at £4,497. Volvo executives say prices of the larger 200 series will also be held down

Massey sets off on the road to recovery

William Hall looks at details of a £320m rescue package for the troubled farm machinery group

MR ALASTAIR MORTON'S appointment to the boards of Massey-Ferguson in Canada and the important UK subsidiary is one of the final moves in a complex rescue of the world's largest tractor company.

Although no one is saying it publicly, Mr Morton, a former managing director of the British National Oil Corporation (BNOC) and an accomplished City financier, has been put on the board to keep an eye on British interests as the ailing company struggles back to viability.

In many respects Massey-Ferguson is more of a British than a Canadian company. More than twice as many people are employed in the UK than in Canada, and around a third of the total workforce of more than 40,000 is based in the UK—the home of the group's biggest production facilities.

When the company ran into financial difficulties—it lost $225m (£122m) last year—British interests were closely involved from the start. The Export Credits Guarantee Department was heavily exposed because the UK is Massey's main export unit.

British banks—Barclays in particular—are also heavily involved. The latter had played a big part in pushing through management changes at Massey three years ago and in the words of one Barclays man: "We knew more about the company than anyone else."

This knowledge stood Barclays in good stead, and the bank took a key role behind the scenes in putting together the complex Can$715m (about £320m) rescue package eventually signed on July 15. However, Barclays was only one player in what must be regarded as one of the most complex financial support operations ever launched.

Unlike the Chrysler rescue in the U.S. there was no single lead bank which could take charge of the rescue. The company had relied on more than 200 banks to finance 80 manufacturing operations in about 30 countries.

Although Massey is a Canadian company, the bulk of its operations are overseas and it took some time to persuade the Canadian Government that it was in its interests to lend its support to the Massey rescue.

These factors made it much more difficult to get the various banks, government bodies and other interested parties to agree to support Massey, and for a stage last year there were grave doubts whether the company would survive.

However, agreement was finally reached last month. The main elements of the rescue package are: a Can$200m government-guaranteed preferred share issue (Can$125m Federal and Can$75m Ontario); a Can$150m convertible preferred share issue bought by the Canadian Imperial Bank of Commerce (CIBC, which is Massey's biggest lender); a Can$87m convertible preferred share issue, guaranteed by the UK's ECGD and bought by the CIBC and banks to receive common shares in Massey in lieu of interest under the Can$275m interest forgiveness programme.

According to Mr Victor Ciardello, one of Massey's treasurers and a director of the UK subsidiary, the rescue package is the first genuine multinational corporate refinancing.

Massey's lenders have committed themselves to maintaining the credit facilities until July, 1984. Each lender then has the option to reduce its facilities by 25 per cent annually. By the mid-1980s it is hoped that Massey will be back in profit and healthy enough to contemplate a capital issue or some other form of refinancing.

The timing of Massey's return to profitability is uncertain and everyone accepts that the current year will be a difficult one. Mr Victor Rice, the chairman, has forecast that next year "will be a good year for the industry and Massey Ferguson."

Interest rates cost Massey Ferguson more than $300m last year and the future level of rates will be a key factor in determining the recovery timetable. However, the main factor is the timing of the upturn in its main markets.

Demand for the group's products is between 30 and 40 per cent down on a couple of years ago. Much of the world's farm machinery has aged beyond the point of normal replacement and Massey is betting heavily on the fact that sooner, rather than later, farmers will have to re-equip because their machinery has worn out. This is the key to its recovery.

Although the Duke of Wellington and the Marquess of Abergavenny have sat on the main board for many years, British financial interests have been under-represented and Mr Morton's appointment is seen as redressing the balance. His appointment was made after consultation between the company, the Bank of England, ECGD and the group's main British bankers.

His task is made easier because Massey-Ferguson has already taken many of the painful decisions necessary to assure its long-term health. Over the past three years, it has cut its production facilities by almost a third, sold off some recent acquisitions and reduced its labour force by more than 25,000.

Massey's current plight results from its overdependence on short-term borrowings and an unexpectedly sharp downturn in its main markets. Backed by the C$715m rescue package, the group should be assured of a healthy future.

Midland defends stand on cheque facilities for students

Banks lose millions every year through the dishonest use of guarantee cards. Tim Dickson reports on their attempts to recoup losses

TWO COURT cases in the last few months could give the impression that banking with the Midland is risky.

Earlier this year a judge heard how a student, who made an appointment to see her bank manager, was locked in his office, arrested by the police and later charged with deception. The judge found her "not guilty" and Midland admitted the incident was a mistake—the result of inefficiency at the branch.

Last week Midland attracted further unwelcome publicity when Judge Sir Harold Cassel in Snaresbrook Crown Court accused the bank, among other things, of "flooding young people with cheque books and credit cards."

This time, however, Midland hit back. The accused who pleaded guilty to four charges of deception and was given a two-year sentence, was "neither a young person, being aged 25, nor did he possess a credit card," said Midland.

"Our manager showed extreme patience with this customer and only when the situation deteriorated rapidly was evidence provided to the police," it argued.

Midland is waiting for a transcript of the case before deciding whether or not to make a formal representation to the Lord Chancellor.

Dishonest use of cheque guarantee cards to obtain money is a problem for all banks. Only Barclays, of the four big high street banks, reveals its losses—over £2m annually. Others admit their figures are "significant." Barclays says that well over half this total is accounted for by other banks' customers, an argument it used recently when introducing a 50p fee to cash non-customer cheques.

The banks stress that they adopt a "softly softly" approach in trying to recover money. Police are called in only as a last resort. A formal demand might be followed by a visit to the home of the individual and, failing this, solicitors would be instructed to draw up their own letter.

Barclays says it would then probably resort to the civil courts to try to obtain a judgment against the offender.

"We would use our rights under civil law," said Barclays. "We would never involve the police unless it was real fraud, such as someone forging or stealing cheques. Once we had established that we are owed the money we try to come to an arrangement to have it paid back."

National Westminster says that when unauthorised overdrafts are run up by the misuse of a credit or cheque guarantee card, each case is considered individually.

"We reserve the right, however, to place the matter in police hands." This decision, which would only be made in extreme circumstances, would be taken at head office, says Nat West.

Midland Bank follows the same procedure. "If we do call in the police, I can assure you it is preceded by a lot of letters and phone calls," the bank said.

"The reason for going through the criminal courts is simple enough. The chances of getting the money back may be pretty slim, but if somebody has deceived you he may well deceive others. It is a criminal offence and by not going to court we could be accused of collusion."

Midland denies Judge Sir Harold Cassel's suggestion at Snaresbrook that it is irresponsible towards young people. "All our surveys show that students in no way form a disproportionate number of people who misuse cheque guarantee and credit cards. Students, like the vast majority of people, can handle their money perfectly well," it argues.

How grants re-shape the British university system

MPs have lifted the veil on factors behind University Grants Committee decisions, Michael Dixon reports.

THE FIRST music heard by the Prince and Princess of Wales after they became husband and wife was a new setting of Psalm 67—"O let the nations rejoice and be glad." But the music had long before been taken into account by the University Grants Committee in its plan to re-shape the British university system.

For the UGC's aim was to preserve and develop academic excellence in both teaching and research. And it viewed the new setting by Professor William Mathias of the University of Wales as an important contribution to research in the arts.

Many more conventional and less appealing contributions were noted as the committee judged the relative quality of research and teaching in the various areas of study at each of the 44 UK universities. But while the results for the different institutions were known a month ago, the criteria behind the committee's judgments stayed secret.

Since 1919, the UGC has served as a confidential go-between, taking Government funds granted for universities as a whole and distributing the money among the individual institutions so as to shield them from political interference. The tradition of secrecy thus developed evidently left the committee with no approved way of publicly explaining its aims and methods.

It would gladly have done so in open session when called to give evidence to the House of Commons select committee on education. But the MPs concerned voted to hear the evidence in private. They have now published the transcript of what they were told.
o'"idzzza

It transpires that in deciding what to encourage and what to cut, the UGC was primarily concerned with subjects. The object was to leave the smaller university system necessitated by economies in public spending with the best of the prevailing activities throughout the full range of studies.

The table shows—for the first time—the outcome of this strategy on the 16 main areas of study in terms of the changes in their populations of students from Britain and other EEC countries between 1979-80 and 1983-84.

Subject group	Full time UK & EEC students 1983-84	% change from 1979-80
Education	9,700	−7
Medicine	20,200	+5
Dentistry	4,200	+3
Allied to medicine	4,100	−24
Veterinary science	1,700	same
Agriculture	3,200	−19
Engineering and technology	33,100	+2
Biological science	16,300	−5
Mathematics	11,800	+3
Physical sciences	22,600	+7
Combined sciences	9,100	−14
Business management	5,000	+3
Social studies	50,300	−12
Architecture and planning	2,700	−22
Other vocational studies	1,000	−16
Language and other arts	53,700	−7
Total	248,700	−5

The figures do not reveal, however, shifts in emphasis within the study areas. The overall reduction of 17 per cent in social studies, for example, conceals an increase of students in law and accountancy at the expense of a heavier cut in sociology and other topics often viewed, although sometimes wrongly, as "soft options."

When deciding how its subject plan was to affect the individual universities, the UGC applied two main measures of the quality of the different institution's work in each area of study.

One was the money for research in the area gained by the university from all sources, including industry and commerce. Taking all subjects together, Cambridge headed the ranking with research income from industry and other external sources covering 15 per cent of its expenditure, and income from the more academic research councils covering a further 32 percentage points.

By comparison, Aston—formed to specialise in technology and scheduled for the second largest overall cut in student numbers—covered only 12 per cent of its expenditure with external research income, and 8 per cent with funds from the councils.

The main test of teaching was the popularity of each course among academically talented school-leavers as indicated by the grades gained by its students in the GCE Advanced-level examinations. Cambridge, Oxford, Bristol and Durham headed this ranking. Among the lowest placed were Aston, and Salford which took the heaviest cut.

But the most decisive factor in the judgment of quality was the subjective opinions of the 21 UGC members, of whom 13 are academics, and of another 85 people on specialist sub-committees of whom 71 were academics. This is one of the reasons why the committee is anxious to hear from any institutions with a case for changing the details of the plan.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Aug 4-9	Women's World Exhibition (0272 298630)	Exhibition Centre, Bristol
Aug 9-12	British Furniture Manufacturers Exhibition (01-724 0851)	Belle Vue, Manchester
Aug 9-13	International Gifts Fair (01-855 9201)	Olympia
Aug 21-31	Motorcycle Show—BIKE '81 (01-385 1200)	Earls Court
Aug 23-26	International Craft and Hobby Fair (04252 72711)	Wembley Conference Centre
Aug 23-28	Solar World Forum—International Energy Society Congress and Exhibition (01-493 6601)	Brighton Centre
Sept 3-5	Business and Light Aviation Show (01-643 8040)	Cranfield Airfield
Sept 6-9	Wholesale Jewellery Buyers' Autumn Fair (0935 20721)	Regents Park
Sept 6-10	Watch, Jewellery and Silver Trades Fair (01-643 8040)	Earls Court
Sept 8-10	Laboratory 81 Exhibition (0799 22612)	Grosvenor House, W1
Sept 8-11	International Carpet Fair (01-839 5041)	Exhibition Centre, Harrogate
Sept 11-13	National CB Show (01-437 1002)	Old Horticultural Halls, SW1
Sept 13-16	MAB International Menswear Fair (01-404 0801)	Earls Court
Sept 15-17	Industrial Environment Show (01-686 6339)	Olympia
Sept 15-22	International Plastics Exhibition—INTERPLAS (021-705 6707)	National Exhibition Centre, Birmingham
Sept 15-18	Offshore Europe 81 Exhibition and Conference (01-549 5831)	Aberdeen
Sept 15-26	Chelsea Antiques Fair (0727 56069)	Town Hall
Sept 20-23	London Sports Trade Show (01-353 4000)	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Aug 24-28	International Public Works and Municipal Services Exhibition—CIVICON (01-486 1951)	Johannesburg
Aug 25-Sept 2	International Exhibition of Agriculture, Machinery and Produce (01-486 1951)	Mexico
Aug 28-Sept 6	International Fair of Consumer Goods (01-874 6034)	Stockholm
Aug 29-Sept 2	International Fair (01-734 0543)	Frankfurt
Sept 4-13	International Radio and TV Exhibition (01-540 1101)	Berlin
Sept 5-8	International Exhibition of Sports Goods and Outdoor Activities (01-439 3964)	Paris
Sept 6-12	International Autumn Fair (01-493 3111)	Leipzig
Sept 9-12	Electronic Packaging Exhibition—INTERNEPCON (01-390 0281)	Taipei
Sept 9-17	International Engineering Fair (01-278 0281)	Brno
Sept 18-20	International Trade Fair for Tableware, China, Glassware, Cutlery and Metalware Accessories (01-204 1212)	Salzburg
Sept 11-20	International Autumn Fair (01-486 1951)	Zagreb
Sept 14-18	SE Asian Production Machinery and Engineering Equipment Exhibition (01-486 1951)	Singapore
Sept 19-20	Scandinavian Fashion Week (01-540 1101)	Copenhagen
Sept 20-23	Hardware Trade Fair (01-439 3964)	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Aug 6-7	AMR International: Executive Project Management (01-262 2732)	Gleneagles Hotel, Perthshire
Aug 13	LCCI: Opportunities for British business in the Yemen Arab republic (01-248 4444)	Cannon Street, EC4
Aug 19	Institute of Credit Management: Credit Clerks Training Day (0990 23711)	Kensington Palace Hotel, W8
Aug 24-29	National Association of Corporate Real Estate Executives: Investment Opportunities in the Northeast U.S. (Germany Tel. 4189509 bretd.)	Boston, Mass.
Aug 25	Management Training Consultants: Modular Approach to Supervisory Training (0533-27062)	Aberdeen
Sept 3	Citizens' Rights Office: Income Maintenance and the Personnel Officer's Job (01-405 5942)	Cora Hotel, WC1
Sept 7	British Computer Society: Query Languages for the End User (01-637 0471)	Mount Royal Hotel
Sept 10	IPS: Materials for industry—present and future (0990 23711)	Europa Hotel, W1
Sept 10-12	Institute of Local Government Administrators: Employment—the Local Government Response (0206 45212)	Birmingham
Sept 13-26	Seatrade Academy: Anatomy of Shipping (0223 353451)	Cambridge
Sept 15	CBI: Introducing single status employment—what's the difference? (01-379 7400)	Centre Point
Sept 15	The Henley Centre for Forecasting: Revitalise your market thinking (01-353 9961)	London Press Centre
Sept 16-17	Financial Times: Euro-Korean Symposium (01-621 1355)	Brussels
Sept 17-18	The Economist: International Oil Supplies and Stockpiling Conference (01-839 7000)	Hamburg
Sept 17	Freight Transport Association National Conference: Efficiency in the '80s (0892 26171)	Wembley Conference Centre
Sept 21-23	DIBC UK/Tullett and Riley: Foreign exchange and money market dealing (01-788 5126)	Great Eastern Hotel, EC2
Sept 22	IPS: Materials Management (0990 23711)	Europa Hotel, W1
Sept 23-26	International Bar Association: The future of London arbitration (01-930 6432)	Waldorf Hotel, WC1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Barclays optimistic over interest rates

BY WILLIAM HALL, BANKING CORRESPONDENT

A RISE in UK interest rates over the next month or so can be avoided, and even if continuing high U.S. rates precipitate a general increase in UK rates, the rise should prove short lived.

This cautiously optimistic view contained in the latest issue of Barclays Bank's UK financial survey comes at a time when the UK money markets are in a highly nervous state.

The pound fell to $1.8350—its lowest level for three years—in late trading in New York last Friday. The renewed weakness of the currency has heightened the dilemma facing the UK authorities who are anxious to stabilise the exchange rate, yet do not want to hinder any economic recovery by raising interest rates.

The situation has been complicated by the ending of the civil servants' strike and the introduction of a new form of monetary controls later this month. The unwinding of the strike will put upward pressure on interest rates, as over £6bn of overdue taxes are paid and liquidity is drained from the banking system.

The new system of monetary controls, plus the effective abolition of Minimum Lending Rate, could lead to greater volatility in interest rates by focusing attention on shorter term rates.

Barclays warns that "with very short term money rates becoming the key indicator for short-term official policy, then unintended movements in these rates on account of excessive liquidity movements could lead to misleading signals being transmitted to the market, thus affecting interest rates, generally." This could undermine the fixed base rate system.

"The danger exists, that upward pressure on very short-term interest rates, resulting from purely technical factors, will sustain a more general and unwarranted upward pressure on interest rates."

U.S. interest rates hold the key to the likely level of future UK interest rates. Barclays says "the longer U.S. rates are held up the more the conditions are being created for a more sustained fall in rates when it does take place."

● The UK economy is bumping along at the bottom of the recession and shows no sign of lifting off it, according to Midland Bank's latest Economic Outlook. The bank says that after the fall in Gross Domestic Product (GDP) in the first quarter, there is likely to be only sluggish recovery during the rest of the year and real GDP is likely to be 2¼ per cent down on 1980.

Why the TUC is good news for Labour

Motions to Congress may strengthen links, writes **John Lloyd**

IF THERE IS to be a focus for this year's trade union congress in Blackpool next month, it will be found in the way the outcome of the debates restructures the TUC's relationship with the Labour Party.

In foreign policy, that outcome is likely to bring the two organisations closer together. Motions on the preliminary agenda—published today—from the Furniture trade union and the Association of Cinematographic and Television Technicians take a hard line on withdrawal from the Common Market.

Attempts to soften that line through amendments will run up against the fact that the General and Municipal Workers and the National Union of Railwaymen, after their conferences earlier this year, are committed to withdrawal and will overturn the slim majority in favour of a referendum on the issue which scraped through the 1980 Congress.

On nuclear disarmament, the transport workers' motion calls for "total opposition to the siting of Cruise and Trident missiles in the UK" and "the closure of all nuclear bases, both British and American, in Britain." It is supported by the train drivers' union, Aslef, and the bakers' union, in all essentials.

The Electrical and Plumbing Trades' Union, however, has put up a motion which calls on the Government to "be prepared to match immediately the steps taken by the two super powers in reducing arms levels," re-asserting the traditional multilateralist position.

Unilateralism, like opposition to the EEC, has been a tide sweeping through the Labour movement in the past year, which can be expected to carry Congress to strengthen its position.

In both these areas—central to the divisions in the Labour Party and to the split which created the Social Democratic Party—the TUC is likely to emerge from its Blackpool deliberations in step with the political wing.

The more intimate and domestic matter of incomes policy may not be so clean-cut. Three motions—from the white-collar union, ASTMS: the white-collar engineering union, AUEW-Tass: and the Furniture trade union—call for outside opposition to pay restraint or incomes policy.

No motions come down in favour of incomes policy: it would be surprising if anyone did, in the middle of a Conservative Government's term of office and with a new pact with the Labour Party still under negotiation.

However, the General and Municipal Workers Union gives one of its two motions to welcoming the work done by the TUC-Labour Party liaison committee whose report, Economic Issues Facing the Next Labour Government, is expected to be endorsed at Congress.

That report, issued ten days ago, is a halfway house; it sets out an ambitious strategy for expansion and job-creation, considers the constraints a future Labour Government will face, and attempts some solutions.

It does not grasp the nettle of incomes policy and thus Congress is similarly spared (though it is probable that some Left-led unions will warn against creeping tendencies in that direction).

Two initiatives emerge which may well deeply affect a future Labour Government's programme.

They are concerned with calls for legislation. The GMWU has urged opposition to the 1980 Employment Act and any attempts by the Government to restrict unions further. It has also called on Congress to mount a campaign in favour of "the establishment of a positive framework of law to sustain collective bargaining and advance workers' minimum rights"

Two motions reflect a growing mood within the unions on hours and their approval of the lead given by the stated policy of the French Government. The ASTMS is calling for legislation to reduce the hours worked per year: the GLC Staff Association calls for a statutory reduction of the working week to 35 hours.

The Civil Service and public sector unions, bloodied but unbowed, see themselves fighting another day: motions from the Civil and Public Servants' Association, the Society of Civil and Public Servants and the National Union of Public Employees look forward (if that is the word) to the declared intention of the Government to impose a cash limit of 5 per cent next year on public-sector pay and summon assistance to oppose it from their TUC fellows.

Steps urged to widen involvement of workers

By Pauline Clark, Labour Staff

THE Government was urged yesterday to introduce a law requiring company reports to shareholders to describe progress made on consultation arrangements with employees, as a more positive contribution to industry than tightening up labour law.

In a statement accompanying the Industrial Society's second submission of its views on the Government's Green Paper on trade union immunities, Mr John Garnett, director, said there should be a widening of worker-involvement policies.

They would be "far more constructive and creative than trying again to change the laws affecting trade unions," he said.

Mr Garnett's statement underlined the continuing pragmatic approach to labour law adopted by the society throughout this year's consultation period on the Green Paper.

The society, which aims to determine good industrial relations practices through consultations with employers and trade unions, is one of the few non-union organisations to back the view promoted by Mr Jim Prior, Employment Secretary, that fundamental problems in industry cannot be improved by more labour laws.

Mr Garnett said worker-consultation in industry could be improved by ensuring that all employees receive regular information from their managers and supervisors on matters affecting them.

There should be regular consultation with employees' representatives and properly-constituted consultative committees in organisations employing over 100 people.

Also, employees should be given reports on the year's achievements, with the opportunity for questions to be asked of senior executives.

The society's submission to Mr Prior says: "Law can play a constructive part in maintaining industrial relations standards, but changing laws will not help us tackle the greatest problem facing this country: the need to persuade people to work harder and achieve more productivity."

The paper makes clear, however, the society's view that protection by law should be given to existing employees at the start of any union and management closed shop agreement. It argues that such agreements should be tested by ballot every seven years, unless a simple majority of those eligible vote against it.

It recommends that "conscience clauses" could be inserted to guard against free-riders, with provision for non-union members to make appropriate payments to charity.

On secret ballots, the society suggests that credible third parties, like the Advisory Conciliation and Arbitration Service, should investigate a dispute before such ballots are recommended.

Manipulation blamed for surge in tin price

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD TIN prices are being manipulated. There can be no other explanation for the sudden surge in prices.

At the beginning of July, the cash tin price on the London Metal Exchange was £6,480 a tonne; it has now reached £7,925.

Although the weakness of sterling against the dollar was one reason for the rise in London values, the Straits tin price in Malaysia has also moved up sharply reaching an eight-month high on Friday.

Traders are generally baffled but it is agreed that the buying is coming mainly from two dealers.

One is belived to be acting on behalf of an international trading group which made its money from oil but is heavily into metals. This has brought rumours that oil interests are behind the attempted manipulation.

Traders in London, however, point out that oil riches are not needed because the total value of tin stocks held in the exchange warehouses is only about £55m—not a large sum compared to the kind of outlay involved in the attempted cornering of the silver market at the end of 1979.

Nevertheless, the expense of sustaining a squeeze by buying up available supplies would be considerable over a longer period and this has led to suggestions that more powerful forces may be involved, in the form of Governments of tin-producing countries.

The main surge came almost immediately after the producers' requests for a higher price range were rejected at the International Tin Council meeting in mid-July.

The State-controlled Malaysian Mining Corporation, which produces around a third of Malaysian tin, has officially denied that the Marc Rich group has been buying tin on its behalf.

But traders say that the new Malaysian Government is reported to have taken action to support the price of another of its main exports—natural rubber.

It is argued that the hard line stance taken by importing countries at the Tin Council meeting may have tempted producers to listen to the supporters of unilateral action by exporters to control the market themselves.

A cartel for tin is feasible because production is concentrated among only a few countries, dominated by Malaysia. But an open arrangement on Opec-style lines could be crushed by the U.S., whose strategic stockpile of more than 200,000 tons of tin still equal about a year's world consumption.

The presence of this stockpile means that there is no real world shortage. But the stockpile authorities are pledged not to disrupt the market artificially, and in any event want to sell their surpluses at the highest possible price.

Each day the stockpile adjusts its price in line with world market movements, so any trader has to be extremely nimble to acquire stockpile tin cheaply.

Knowing that the stockpile has authority to sell 30,000 tons of tin has encouraged consumers, especially in the U.S., to reduce their holdings to low levels, particularly in view of the high interest rates and poor demand prospects.

This means that the market is vulnerable. The support buying by the Tin Council buffer stock between April and June, when prices were at the lowest for five years, removed the surplus overhanging the market. These supplies only become available again near the agreement's "ceiling" price level.

The situation is ripe for determined speculators to squeeze the market by taking up the remaining supplies, especially if producers have been discouraged by the refusal to raise the Tin Agreement price range.

The tin market is renowned for the fact that it is controlled by a few powerful trading companies, any one of whom has sufficient resources to take advantage of this kind of opportunity.

The difficulty, as Mr Nelson Bunker Hunt discovered in the silver market, is not so much in pushing prices higher but in taking out profits by selling when the market is at the desired level.

Squeeze operations of this kind mean a lot of money is tied up earning no return, so the main hope is that other speculators and consumers can be persuaded to jump on the bandwagon, enabling the original manipulators to sell out at a handsome profit.

The bitter battle to raise prices

Financial Times Reporter

THE SPECIAL significance of the rise in the Malaysian market is that it has taken the Straits tin price from the lower price range of the International Tin Agreement to the upper range in less than two weeks.

The tin agreement, concluded between exporting and importing countries, seeks to control world prices within a "floor" of $M 27.28 to a "ceiling" of $M 35.47. The main mechanism is a buffer stock fund, financed by member countries.

Tin rices fell into the lower price range in April for the first time since 1976 and it is no secret that the buffer stock has been supporting the market by buying up surplus supplies, mainly from Penang, Malaysia.

But as a result of the sudden surge in the market, the buffer stock is now in a situation where it should be selling instead of buying, and there is considerable speculation as to whether it will act to prevent a further rise in prices.

This seems unlikely at this stage. The buffer stock has only limited supplies available, which it should conserve to stop the market going through the ceiling, and in any event there is doubt as to how long prices can be sustained at the present level.

Consumer demand is at a low ebb as a result of the industrial recession that his hit most base metals. According to International Tin Council estimates, production last year at 200,800 tonnes (just below the record 1979 output of 201,200 tonnes) was 22,100 above consumption, which slumped to 176,000 tonnes—the lowest level since 1975.

Nevertheless, it is clear that there was a hefty surplus of supplies last year and demand has been even lower so far this year.

As a result, importing members of the International Tin Agreement have been in a sufficiently powerful position to reject demands from the producing countries for a rise in the agreement's floor and ceiling price range to compensate for higher output costs.

The last rise was in March last year, and under a gentleman's agreement, producers agreed not to press for another rise for 12 months.

Much to the fury of producers, the importing countries—led by the U.S. and backed by Britain and West Germany, and later the Soviet Union — broke this gentleman's agreement by refusing to approve a rise in the price range at the Tin Council's April meeting.

For the first time producers walked out of the council. They returned to the July meeting determined to press even harder for at least a token increase in the price range, despite the depressed state of the market.

But to their amazement the U.S., backed now by the Soviet Union as well, again vetoed any increase.

Railmen hold firm on 'no strings' talks

BY PAULINE CLARK, LABOUR STAFF

RAILWAYMEN'S union leaders yesterday continued to maintain a firm stance over their demand for full implementation of an 11 per cent tribunal pay award without strings ahead of resumed talks with management today.

But the British Rail Board still hopes that a formula will be found to break the impasse over its productivity demands reached after seven hours of talks with unions just over a week ago, and that industrial action by its 180,000 rail workers can be avoided.

Mr Sid Weighell, general secretary of the National Union of Railwaymen, said: "We shall be back to where we started on Monday morning.' He had so far hel dback from presenting to the board his union's own efficiency paper which showed "the extent of our good intentions" on productivity.

This was in the face of the board's demand for a firm commitment to productivity measures designed to finance the second part of the 8 per cent plus 3 per cent arbitration award which, however, itself separated productivity talks from the pay recommendation.

A fully united front by the three unions will also be sought.

Aslef, the train drivers' union, is strongly opposed to co-operating with any measures which it believes would worsen conditions for its members. Mr Bill Ronksley, Aslef president, said: "For the first time locomen are being held hostage in these efficiency talks. In no way are we going to let them use the locomen so that other railmen can get higher wages."

Conditions for the group, he said, were now lower than they were in 1919 because of long working hours. British Rail wanted to make them worse. "We are at the end of the road on conditions," he said.

Experience money for employees suggested

BY OUR LABOUR STAFF

WORKERS should be given pay increases for building up experience by doing their jobs, an industrial relations academic has proposed.

In the latest issue of the journal Personnel Management, Prof. Keith Hurley of London School of Economics, said the extra money should apply to permanent employees at all levels in a company and should be a properly negotiated part of the general pay scales.

"It would be a recognised and continuing personal reward for increased efficiency and skills which arise from long-term work experience."

The idea is advanced by Mr Thurley as part of a package of proposals to encourage innovation in industry and to help to improve industrial relations.

Other proposals include reforming employment law to encourage and protect temporary as well as permanent staff, redesigning work to reduce unpleasant and stultifying jobs, and employing all workers on the same basic conditions whether they are blue- or white-collar workers.

Oil workers seek support

WORKERS campaigning to have Burmah Oil's refinery at Ellesmere Port, Birkenhead, from being closed, yesterday called upon their community to join the struggle to prevent the whole area being laid waste by the recession.

Burmah is scheduled to close the complex in a year's time with the immediate loss of 1,000 jobs. However, trade unionists at the refinery claim that the shut-down will have a chain reaction, making at least 1,000 more people redundant.

The Burmah Joint Trade Union Action Committee said that unemployment in Ellesmere Port had increased by 76 per cent in the past 12 months.

During that time, the Vauxhall Car plant has pruned back its labour force by 3,000. The Bowater newsprint mill has closed with 1,541 job losses.

According to the local job centre, Ellesmere Port and the neighbouring town of Neston

FT Monthly Survey of Business Opinion

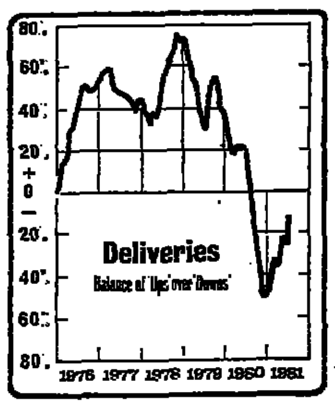
GENERAL OUTLOOK

Slight flagging in confidence

INDUSTRY'S OPTIMISM about the business outlook flagged slightly last month, and the index measuring companies' optimism dropped for the first time since November.

All three sectors interviewed in last month's survey—building and construction, food and tobacco and textiles and clothing—were somewhat less optimistic than they had been when last quizzed four months ago.

However, few firms describe themselves as "pessimistic." feeling is gaining ground that the worst of the recession is past, but recovery will be slow.



Some companies in the building industry criticised the Government for lack of efforts to assist the economy. There were also continued complaints in the food sector about the effect of the high value of the pound on profitability—in spite of the recent fall.

Other building firms saw grounds for optimism in a pick-up in business and staff-shedding exercises.

The index measuring optimism about the UK economy fell slightly last month, mainly because the recovery was taking longer than hoped.

GENERAL BUSINESS

Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
More optimistic	36	41	37	27	24	25	43
Neutral	43	41	41	47	52	55	48
Less optimistic	21	18	22	26	24	20	9

EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Higher	56	49	42	41	53	34	85
Same	23	25	29	26	31	5	15
Lower	21	25	28	32	—	61	—
Don't know	—	1	1	1	16	—	—

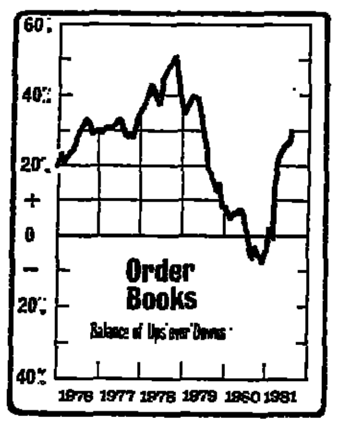
ORDERS AND OUTPUT

Improvement in demand

Industrial demand seems to have picked up further last month, with the indices measuring orders and deliveries registering fresh gains.

Both the building and construction and the food and tobacco sectors reported more signs of increased orders than when last surveyed. Almost as many firms are now reporting rising orders as falling ones. Shortages of orders are now less important influences on output.

The index measuring order books showed a slight improvement, mainly reflecting the better outlook in the food and textile industries. There was another sharp improvement in the index measuring export prospects—partly because of the lower pound.



Deliveries also rose after the fall in the previous month. But firms still complained about the continuing recession, high interest rates and overseas competition.

Companies were generally more optimistic about the chances of increasing sales over the next 12 months.

NEW ORDERS

The trend in new orders in the past 4 months was:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Up	24	18	18	13	28	48	8
Same	34	28	24	25	43	35	70
Down	28	35	42	47	29	14	4
No answer	14	19	16	15	—	3	18

PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Rise over 20%	2	2	1	3	—	7	—
Rise 10-14%	7	5	6	3	9	7	4
Rise 5-9%	25	17	16	11	24	44	26
About the same	57	59	60	62	67	42	52
Fall 5-9%	3	6	6	8	—	—	—
Fall over 10%	2	4	6	6	—	—	—
No comment	4	7	5	7	—	—	18

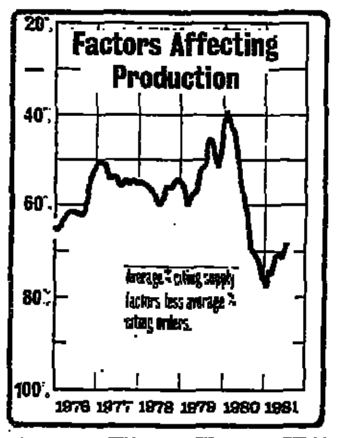
CAPACITY AND STOCKS

Restocking plans increase

Companies seem more willing to increase stocks during the next 12 months, reflecting the recent pick-up in demand and greater optimism about economic prospects.

All three sectors were more inclined than in March to expect levels of work-in-progress and stocks of raw materials and manufactured goods to increase.

One food company commented that it had completed its policy of reducing stocks. However, tight money was still causing problems for stock financing in some cases.



All three sectors were less inclined than previously to report that stock levels were "too high."

The index for the number of firms working at planned output levels or above, improved further, reflecting higher capacity working in the building and food sectors.

There was also a fall in the number of companies reporting fixed assets lying idle owing to the recession.

CAPACITY WORKING

	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Above target capacity	4	5	5	3	—	—	—
Planned output	49	38	35	29	76	56	34
Below target capacity	41	48	51	59	24	30	66
No answer	6	9	9	9	—	14	—

STOCKS

Raw materials and components over the next 12 months will:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Increase	36	30	29	23	10	51	34
Stay about the same	49	49	47	48	81	48	63
Decrease	12	18	22	25	—	1	3
No comment	3	3	2	4	9	—	—
Manufactured goods over the next 12 months will:							
Increase	34	26	24	21	19	55	25
Stay about the same	36	46	46	48	24	45	63
Decrease	12	15	19	19	4	—	4
No comment	18	13	11	12	53	—	8

FACTORS CURRENTLY AFFECTING PRODUCTION

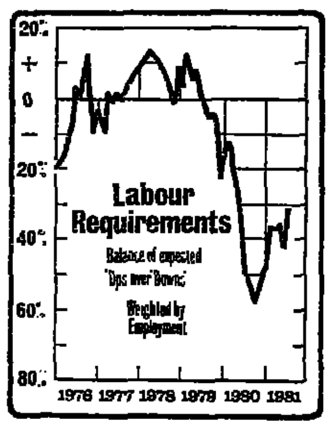
	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Home orders	87	92	92	91	90	63	96
Export orders	58	61	60	62	57	42	82
Executive staff	3	3	2	—	—	—	—
Manual labour	1	1	—	—	—	—	—
Components	1	1	1	—	—	—	—
Raw materials	6	5	7	4	—	14	—
Production capacity (plant)	5	3	3	3	—	17	—
Others	16	18	15	14	14	20	7
Labour disputes	11	11	15	16	19	—	—
No answer/no factor	7	4	3	1	10	14	—

INVESTMENT AND LABOUR

Less gloom on jobs outlook

Industry seems to be slightly less gloomy about the need to cut staff levels over the next year, although the general employment outlook remains grim.

The index measuring labour requirements rose again last month continuing the recovery in June. All three sectors were less inclined to expect their workforce to contract than they had been last March. The index is now back to the levels of early 1980, although it is still highly depressed compared with previous years.



Plans for higher capital investment were reflected in a further rise in the index measuring capital spending. Far fewer firms now expect investment to fall—the number is now roughly equal to those expecting a rise.

About one-third of respondents expect overseas investment to increase.

All three sectors were more inclined to report a need for outside finance for capital expenditure.

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Increase	13	13	10	11	6	10	17
Stay about the same	43	39	39	42	43	55	36
Decrease	44	48	51	47	51	35	47

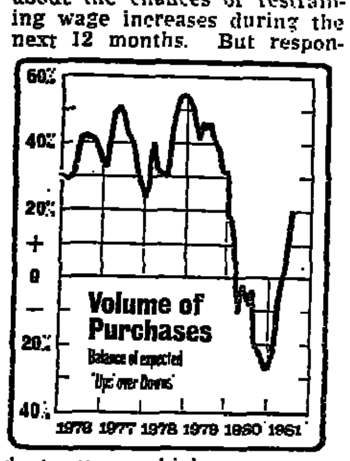
CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Increase in volume	23	22	28	26	22	22	25
Increase in value but not in volume	10	8	6	6	14	36	—
Stay about the same	29	26	26	32	43	35	32
Decrease	33	40	40	45	13	4	42
No comment	5	4	—	1	8	3	1

COST AND PROFIT MARGINS

Smaller wage rises expected

Industry is more optimistic about the chances of restraining wage increases during the next 12 months. But respondents expect higher increases in unit costs than they did when last surveyed. They continue to expect price rises mainly of between 9 and 10 per cent over the next year.

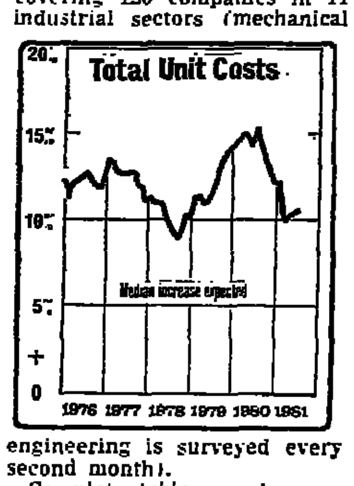


The median expected level of wage increases fell to about 9.5 per cent from above 10 per cent in the previous month. But the median expected increase in unit costs was about 10.5 per cent.

In spite of the widening of the gap between expected price rises and forecast cost increases, firms said they were more hopeful of improving profit margins. The building/construction sector and food and tobacco firms were particularly optimistic about chances of boosting productivity.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT Actuaries' index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving totals covering 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).



Complete tables can be purchased from Taylor Nelson and Associates.

COSTS

Wages rise by:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
5-9%	53	43	45	53	67	83	96
10-14%	40	48	46	40	33	17	—
No answer	7	9	9	5	—	—	4
Unit cost rise by:							
0-4%	5	2	3	6	—	27	8
5-9%	32	34	35	35	33	29	40
10-14%	43	40	39	37	48	37	12
15-19%	3	2	4	5	10	—	36
20-24%	1	1	1	—	—	—	—
No answer	16	19	15	14	9	7	4

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	4 monthly moving total				July 1981		
	Apr.-July %	Mar.-June %	Feb. May %	Jan.-Apr. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
Improve	48	45	38	37	42	49	55
Remain the same	30	35	37	39	20	30	36
Contract	19	20	24	23	19	14	9
No comment	3	—	1	1	19	7	—

CONTRACTS AND TENDERS

SYRIAN ARAB REPUBLIC

ETABLISSEMENT PUBLIC DES EAUX DE FIGEH

Watertightening of Water Supply Reservoirs at WALI

Due to top urgency:

Etablissement Public des Eaux de Figeh (EPEF) invites submission of quotations for watertightening of Water Supply Reservoirs at Wali according to following conditions:

- Quantity: As stated in the Bill of Quantities prepared by EPEF. 23,000 m² app.
- Bid Bond: 5% of bid value.
- Performance Bond: 10% of contract value.
- Completion Period: 5 months from order to commence.
- Bid Validity: 90 days from closing date of submission of quotations.
- Delay Penalties: 0.2% (two per thousand) of total contract value for each day of delay, not exceeding 20% of this amount.
- Import License: Shall be obtained by EPEF.
- Funding: The foreign currency component shall be financed from the World Bank and the Arab Fund.
- Submission of Quotations: Quotations shall be submitted to the Secretariat of EPEF with all supporting documents indicated in the Bid Documents certifying the bidder's experience, a bid bond and a copy of the tender documents signed on each page by the bidder.
- All bidders of good quality and qualifications from countries members of the World Bank and Switzerland are invited to participate in tendering.
- Bid Documents may be obtained against $50 or equivalent in Syrian Pounds to be paid to the Etablissement Public des Eaux de Figeh, during official working hours from:

Etablissement Public des Eaux de Figeh
Contracts Department
Al-Nassr Street
Damascus, SYRIA.

— Bids should reach EPEF by 2.00 o'clock pm. Wednesday, September 16 1981. Any bids reaching EPEF after this closing date or not having bid bonds shall be rejected.

President Director-General of EPEF
Eng. Rida MOURTADA

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Chief Registrar's Office, (Bank Buildings), Bank of England, London EC2R 8EU, on Monday, 10th August, 1981, at 12 noon for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967, to the amount of £35,000,000.
2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday, 13th August, 1981, and will be due 91 days after date, without days of grace.
3. Each Tender must be for an amount not less than £25,000, and must specify the net amount per cent. (being a multiple of one new halfpenny) which will be given for the amount applied for.
4. Tenders must be made through a London Banker, Discount House or Broker.
5. The Bills will be issued and paid at the Bank of England.
6. Notification will be sent by post, on the same day as Tenders are received, to the persons whose Tenders are accepted in whole or in part and payment in full of the amounts due in respect of such accepted Tenders must be made to the Bank of England, by means of cash or by draft or cheque drawn on the Bank of England not later than 1.30 p.m. on Thursday, 13th August, 1981.
7. Tenders must be made on the printed forms which may be obtained either from the Bank of England, or from the Council's Offices at The County Hall.
8. The Greater London Council reserve the right of rejecting any Tenders.

M. F. STONEFROST,
Comptroller of Finance.

The County Hall,
London SE1 7PB.
3rd August, 1981.

ENGLISH AND DUTCH INVESTMENT TRUST

(N.V. Engelsch-Hollandsche Beleggings Trust)

Established in Amsterdam

NOTICE IS HEREBY GIVEN that a meeting of the holders of the Participation Certificates issued pursuant to the Agreement of the 4th April 1929 and supplemental Agreement of the 14th April 1951 of which Royal Exchange Assurance is the present Trustee, will be held at the offices of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX on Monday the 17th August 1981 at two-thirty o'clock in the afternoon for the purpose of considering and if thought fit giving directions as to the manner in which Royal Exchange Assurance (as Trustee) is to exercise the voting rights attached to the Ordinary Shares of English and Dutch Investment Trust (herein called "The Company") at a Meeting of the Holders of Ordinary shares of the Company which has been convened by the Company for the 4th September 1981 for the purpose of considering:

The nomination of Mr. F. J. Roelofs-Heyrmans and Mr. H. J. de Melker for consideration for a vacancy in the Directorship.

Dated this 3rd day of August 1981,
Royal Exchange Assurance
Royal Exchange
London EC3

Owners of Participation Certificates wishing to attend and vote at the Meeting must arrange to obtain from Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX at least three days before the said Meeting Voting Certificates which will enable them to do so. To obtain Voting Certificates holders of Participation Certificates must deposit them with Hill Samuel & Co. Limited to be held in deposit until after the Meeting or any adjournment thereof. Forms for this purpose may be obtained from the offices of Hill Samuel & Co. Limited on request.

JUGOBANKA UNITED BANK

FLOATING RATE NOTES DUE 1983

In accordance with the provisions of the Notes notice is hereby given that for the six month interest period August 3, 1981 to February 3, 1982 the Notes will carry an interest rate of 20 1/16% per annum. The interest payable on the relevant interest payment date February 3, 1982, against coupon No. 9 will be as follows:

Notes in denominations of U.S.$100,000 ...... $10,254.17
Notes in denominations of U.S.$10,000 ...... $1,025.42
Notes in denominations of U.S.$1,000 ...... $102.54

By THE CHASE MANHATTAN BANK N.A., LONDON
as Fiscal Agent and Agent Bank
August 3, 1981.

U.S. $60,000,000 Alcoa of Australia Limited 10% Bonds Due 1989

For the 12-month period ended 14th June, 1981, the Purchase Agent in the above issue purchased US$2,400,000 principal amount of Bonds. At that date, there was US$64,600,000 principal amount of the Bonds outstanding.

These Bonds have been cancelled and will not be reissued or resold.

TECHNOLOGY

EDITED BY ALAN CANE

Testing time for the CEGB on nuclear research expenditure

BY DAVID FISHLOCK, SCIENCE EDITOR

IS £60M sufficient for the Central Electricity Generating Board to be spending on research this year? It is a good time to raise this question for, after a decade as director-general of its research division, Dr Derek Littler hands over today to Dr Trevor Broom, formerly the CEGB's director of operations, and hence the customer for CEGB research.

By the end of the month, Mr Broom should have an independent report his predecessor commissioned on the future of the Power Engineering Research Steering Committee (PERSC). This is the agency by which, in the past 12 years, the CEGB has funded research by its principal suppliers.

This co-operative programme has cost the CEGB about £30m in total. About £2m is allocated for the current year. It has been as high as £4m a year. But for the past couple of years the generation and transmission divisions have been funding some engineering work bilaterally with specific contractors.

PERSC is one-sided in so far as the manufacturers themselves neither contribute cash to the programme nor place contracts themselves with the CEGB laboratories. They merely have a "gentleman's agreement" with the CEGB not to charge a second time for research in quoting for CEGB contracts.

The problem now being handed to Dr Broom is how to make PERSC a more truly co-operative research programme. Feedback so far suggests that British manufacturers, for the most part, are quite content with the present system of CEGB "handouts" but claim the right to a bigger say in planning the PERSC research programme.

Should the CEGB be spending more on PERSC, rather than in its own laboratories? The Advisory Council on Applied Research and Development (ACARD) the government's scientific advisers, believe that this would be desirable.

But the experience of the CEGB's research division is that UK manufacturers have often found it difficult to spend all the money placed with them in PERSC contracts.

Too often they have been obliged to switch researchers over to trouble shooting, so thin are their technical resources in all cases except perhaps GEC.

Dr Littler hands over a CEGB research division of about 2,000 staff spread among three large research centres, reinforced by another 500 in five regional laboratories providing scientific services to the operating divisions.

The regional laboratories each has its own research speciality—non-destructive testing in the north-west, for example, and radio-chemistry in the south-west—and the director-general of research co-ordinates the whole programme.

Lifespan

The accompanying chart shows how £68m—including £2m for PERSC and another £8m provided by the Electricity Council—is expected to be spent this year.

Nuclear reactors will take the lion's share, 43 per cent of the cash and 38 per cent of the man-hours. The Berkeley Nuclear Laboratories in Gloucestershire is the main centre for this part of the programme.

On reactors the CEGB has three major exercises under way. One is to prolong the life of the first-generation Magnox reactors, if possible well beyond the design lifespan of 20 years, which the earliest are now approaching.

This requires the development of novel inspection methods and tools for remote surveillance and repair, such as the family of tracked robots featured on this page on February 27.

Another nuclear exercise is associated with the commissioning of the second-generation advanced gas-cooled reactors (AGRs). For example, the CEGB estimates that it has spent about £12m redesigning the on-load refuelling systems for the AGRs since a fuel assembly jammed at the Hinkley B station in 1978, exposing unexpected risks for reactor safety.

The third major nuclear exercise is in connection with the forthcoming public inquiry into the Sizewell B pressurised water reactor (PWR). It is the task of research division to fully understand the safety case for the Westinghouse PWR.

Will the researchers be able to meet the "Cottrell criteria" for cracks in the PWR pressure vessel, as spelled out by Sir Alan Cottrell in the Financial Times last year?

Dr Littler is confident that they will be able to detect cracks as fine as Cottrell has specified. Whether they will do so unfailingly depends on the rigours of the quality assurance scheme worked out to monitor the vessel during manufacture and for the rest of its working life.

The appointment of Dr Bryan Edmundson, until this summer director of the Berkeley Laboratories, to the newly-created post of director of the nuclear operations support group is relevant here.

His task is to muster the full technological ability of the CEGB to solve future nuclear problems. Too often in the past the region afflicted has tried to solve its own problems and disregarded scientific skills and resources elsewhere in the CEGB.

Dr Littler admits that he has to fight hard to keep one further nuclear project in his programme. This is research on the fast reactor, which he sees as the one developed source of power for the long-term (compared, for example, with wave-power, which is still at the stage of small models).

Berkeley has about 30 research officers on such fast reactor work as how to keep the liquid sodium coolant free from impurities and safe from explosions.

The other 57 per cent of the research programme is spread widely among the major technological purchases of the CEGB. Boilers account for 15 per cent of the research cash and 19 per cent of its manpower.

An important quest here is longer life for existing coal-fired power stations. What modifications might be needed to give the newer plant in Britain a lifespan of 40 instead of 30 years? Boiler headers seem to be one weakness at present.

The Marchwood Engineering Laboratories at Southampton are deep into one aspect of manufacture — welding — and have developed automatic method of control of the process to produce more consistent and leak-free welds.

CEGB research expenditure 1981-82

	%
Reactors	43
Boilers	15
Turbo-generators	10
Control and instrumentation	7
Environment	9
Transmission	4
Utilisation	7
Distribution	3
Commercial and economic	2

Turbo-generators (10 per cent of the cash) and Control and instrumentation (7 per cent) are major activities of the Central Electricity Research Laboratories at Leatherhead. The Department of Industry, which has just granted £25m to assist the development of UK industry in optical fibres, sees CERL as a pacesetter in the industrial uses—as distinct from the telecommunication uses—of opto-electronics.

The biggest research problem he is leaving for his successor, Dr Littler says, is the relationship between the CEGB and its main suppliers. To prepare himself for the problem of PERSC and the forthcoming report.

Dr Barron has spent July touring the research centres of his own research empire and the laboratories of CEGB suppliers.

DR LITTLER, President and Director of the CEGB Research Division, with his colleague, Dr Trevor Broom

Pressure testing

A NEW range of electronic instrumentation to measure seabed pipeline test pressures and sea-bed temperatures from supply vessels and semi-submersibles has been developed by Chorley Engineering of Atherstone, Warwickshire.

Chorley says that its pressure data logger can measure and record pipeline pressure to within 0.01 per cent.

More on 08277 2406.

..POINTERS..

Conversion system for microfiche

MICRON MICROFICHE viewers or viewer/printers can be quickly converted to 16mm or 35mm roll-film operations with the new Micron RF-100 roll-film attachment, says Microfilm Rentals (London), 18-25 Bastwick Street, London EC1 (01-253 3377).

Taking just seconds to fit the unit (the operator simply slides out the microfiche carrier and inserts the RF-100) the converter's controls are also designed for simple operation. These include an "on-off" rocker switch, single file control for low and high speed forward and reverse scanning, and a three-digit, resettable counter for simple, fast frame retrieval.

Safety move in bench centrifuges

HOPING TO pre-empt the outcome of a British Standards Committee which is assessing centrifuges, with particular regard to safety characteristics, is the launching of a product from Baird and Tatlock (London), PO Box 1, Romford (01-590 7700).

Called the KkIV Auto Bench Centrifuge, its keynote is ultimate safety in operation, with lid interlock, out-of-balance cut out and indicator, reinforced chamber, sealed buckets, and sealed chamber with outlet vent for ducting.

Applications will be in laboratories in medical establishments, industry and universities.

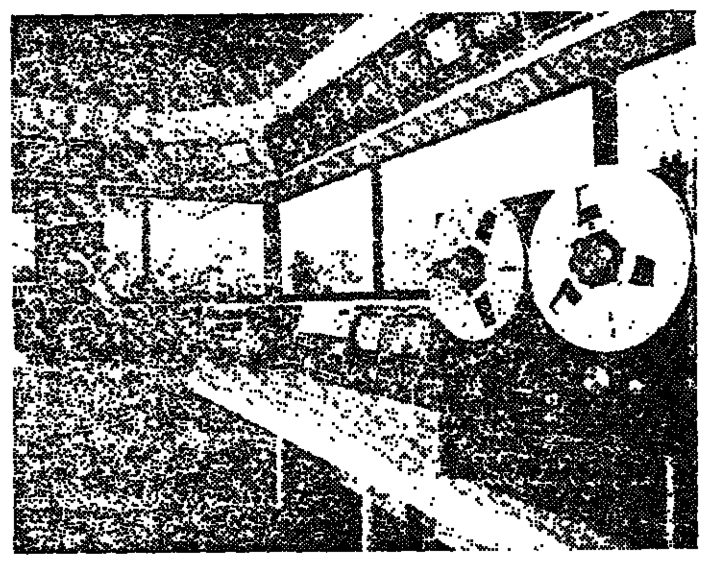
Deburring small radius tubes

MECON of Bletchley is developing a range of machines for deburring and radiusing small tube ends by electro-chemical machining. The company claims that tubes down to about 0.5 mm internal diameter can be deburred by the method for about half the cost of any other method. Mecon is on 0908 640707.

Respirator to beat 200 dusts and fumes

CLAIMED TO provide protection against more than 200 types of dusts, fumes and organic vapours, the Beatasafe respirator has been developed by B. A. Beadle of Hull (Hull 443224).

The respirators are available in small and normal sizes with a single filter or twin filters where heavy manual work is required calling for low breathing resistance.



Philips introduces six channel voice logger

WHERE IT is necessary to log incoming and outgoing telephone conversations—for example in the police, fire and other emergency services—a new six channel system from Philips can handle low to medium density communications traffic on a 24 hour basis. A lower cost alternative to high density logging systems, the XMN-6 can be operated and maintained by non-technical personnel as part of their normal routine. As a safeguard against information loss due to equipment failure, continuous monitoring facilities are available together with an audible and visual alarm, lockable operation and tape heads that are guaranteed for 100,000 hours. The XMN-6 includes a full range of accessories such as automatic search, voice operated start-stop and a digital time code generator and reader.

Injection process

SMPT-BILLION, a subsidiary of the Saint Gobain group specialising in injection moulding machinery, has started marketing a new process for the injection of reinforced thermosets which, it claims, will significantly reduce costs as well as increasing the range of shapes available to users.

The ZMC process is reported by SMTP-Billion to be able to introduce the features associated with injection moulding operation with closed moulds, production of complex shapes, reduction of machine cycle times and production costs to a range of materials whose production has been limited for a long time to compression moulding.

The company claims to have overcome the problems associated with the injection of materials reinforced with glass fibres. It also says the ZMC process offers substantial advances in the feeding principle controlling the flow of raw materials, in the conditions and speed of the injection phase itself, and in the flow of material within the mould.

The system is adaptable to the SMTP-Billion line of injection moulding machines, with clamping forces ranging from 50 to 50,000 tonnes and injection units ranging from ½ to 100 litres of material.

SMTP-Billion also offers users of the ZMC system substantial savings through its Visumat automatic control system, manufactured by Telemecanique to SMTP-Billion's own design specifications.

Freight seal

SCHLEGEL Engineering of Henlow, Bedfordshire, has announced a new type of seal for dry freight containers. Called "Quick Fit" the company claims that it can reduce the cost of the "rubbering up" process by up to 20 per cent.

At present traditional container seals are fitted using aluminium rivets and retaining strips. The system, apart from reducing labour costs also reduces corrosion.

The new seal is pushed onto an extended flange and retained by an integral wire carrier and gripping fins. Container people might like to have a word with Schlegel on 815000 812812.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

An entrepreneur who builds small but thinks big

Willy Korf is expanding his empire of mini steel plants with new ventures in the U.S. and the Third World. Hazel Duffy reports

Willy Korf: firmly believes that his steelmaking technology will be increasingly in demand

WILLY KORF is a survivor in an industry which has not been kind to entrepreneurs. He was the "new boy" in the West German steel industry 15 years ago when he set up the country's first mini steel plant. That was at Kehl on the upper Rhine, close to the luxurious spa town of Baden Baden, where Korf now has his corporate head office.

Not only has Korf survived the steel debacle of the late 1970s, but he is now cheerfully talking about his plans for expansion, and the introduction of new technologies, with an optimism that is refreshing in the highly uncertain atmosphere that pervades the European industry.

Korf has never subscribed to the theory that the past couple of years has witnessed a world crisis in the steel industry. He has maintained constantly that the crisis exists only in Europe, and in true entrepreneurial fashion he argues that government subsidies are supporting 70 per cent of the industry, so wrecking any chances of a proper market emerging.

Worldwide licence

He remains sceptical that the recent EEC agreement to remove subsidies by 1984-85 will have the required effect in time to transform gloom into hope in Europe. Instead, he looks to the U.S. (where his company has two mini steel plants) and the developing countries (where most of the new capacity is being put down) as areas where he has no doubt about the scope for growth.

Korf, now 52, founded his first enterprise, a wire mill at Kehl, in 1955. He added a mini steel plant with two rolling mills about 10 years later, which was followed by more mini steel plants in Hamburg and Paris. At the same time, he expanded into the U.S. and Brazil, and gained the licence for making iron by the Midrex direct reduction method. In 1974, he bought the Midrex company from its American owners, securing the Midrex licence worldwide.

Through all this period of growth, the Korf group of companies has remained private. Six years ago, the Kuwaiti Ministry of Finance bought 30 per cent of the shares in the European group, and a year later took a similar stake in Korf Industries in the U.S. Korf himself now has a 68 per cent share in his companies, the outstanding 2 per cent being traded "over the counter" in Frankfurt.

Korf likes to spread the risk, however, by going into partnership where possible. Hamburger Stahlwerke, for instance, is owned 51 per cent by Korf, and the Paris plant is 50 per cent owned. Korf Engineering, one of the major companies in the group, is 51 per cent owned with Voest-Alpine, the Austrian steel and engineering group.

The Korf group is split into two quite separate entities: Korf-Stahl AG, which is the holding company, based in Baden-Baden, for all the European steel and engineering interests; and Korf Industries Inc, based in Charlotte, North Carolina, which is the holding company for all the North American steel and engineering interests. Willy Korf is the executive chairman of Korf-Stahl, and non-executive chairman of Korf Industries.

The Korf interests in both territories comprise the production of dri (directly reduced iron) and steel; the supply of iron and steelmaking plant; and the licensing of know-how. They also include sundry engineering interests (for instance, the manufacture of bed springs) and a trading company which was set up recently.

Given the growth of the Korf interests over the past decade, it is not surprising to find that Korf himself is the veritable embodiment of the entrepreneurial spirit. He is firmly wedded to the mini steel concept in the belief that the greater flexibility of these plants over the much bigger integrated plants is the answer to the economic difficulties in the industry, and he takes every opportunity to spread the gospel around the world. His aggressive sales style, and his efforts to make himself heard, combined to arouse the hackles of the West German steel establishment in the early days, and many predicted that he would come to a sorry end.

Korf has never been an establishment man. When the Kuwaitis bought into his companies, he made no announcement at the time. When the purchase came to light some time later he showed no remorse; in fact, the event seems not to have damaged him at all.

Korf's sales style remains unchanged in spite of the growing maturity of his operations. Just recently he scooped a big order from Libya for two direct reduction plants, although his biggest competitor, and pioneer of dri—HYL of Mexico—already held a letter of intent for the project.

But Korf's days as a rank outsider are over. His reputation has grown with his ability to survive some very difficult years in the steel industry. The cyclical nature of the Korf group's profits demonstrate that it has not been easy. Korf-Stahl made losses in 1977 and 1978, but the group's non-steelmaking interests enabled it to return to profit the following year. Steel production in Europe for Korf is still making losses, but the net profitability of the group in 1980 was a little over DM 15m (£3.2m), which was the 1979 figure.

The American group, Korf Industries, meanwhile, had a poor year in 1980. Net income was $2m, against $23.3m the previous year. Korf says this was due partly to high interest rates. Firmer steel prices in the past year and a restructuring of Korf loans, have helped to reduce the effect of continuing high interest rates, and Korf predicts that the current year will be very much better.

The relationship between steel and iron production on the one hand, and capital equipment on the other, is a close one. Potential customers who want to buy plant can see the equipment being operated in Korf—a unique shop window. If Korf does not make some of the equipment, then it will be bought in so that a complete plant/package can be sold. Korf is also prepared to put finance into some of these plants. In Saudi Arabia, for instance, Korf-Stahl has a 20 per cent stake with the German Development Bank in a steel complex which is under construction.

Korf's steel capacity is tiny in relation to the steel giants of the world. But he firmly believes that his steelmaking technology, based on dri, will be increasingly in demand and take a growing share of world steel production. He says that steelmaking by the electric furnace method accounted for just over 20 per cent of world raw steel output last year. By 1990, he predicts it will account for 30 per cent, or approximately double the tonnage of 1980.

The advantages of the mini steel plants, which are where most electric arc furnaces are to be found, are listed by Korf as:

- lower capital investment—a new steelworks using scrap as its raw material will cost only half that required for a new integrated works; if it incorporates a dri plant, the capital cost rises to 60 per cent.
- mini steel plants can be expanded as demand increases.
- they require a much smaller workforce.
- by using dri, grades of steel can now be produced which were restricted previously to integrated producers. Dri also allows greater freedom from dependence on volatilely priced scrap.

But there are drawbacks to mini steel plants, which lie fundamentally in the high operating costs. The electric arc furnace consumes large amounts of electricity, making it a considerably more expensive method of producing steel than the basic oxygen furnace—the cost differential per tonne of steel produced will depend on the price of electricity in the country of operation. Likewise, the first generation of direct reduction plants have been built on the basis of natural gas as their energy source, which is now very much more costly in the industrialised countries than it was in the first half of the 1970s.

Two such plants, supplied by Korf, stand in lonely isolation on the Clyde coast. The British Steel Corporation, which invested some £70m in the project at Hunterston, has never put the plants into production, partly because of the dramatic change in demand for steel but also because it cannot secure natural gas at prices which make it economically sensible.

Korf, however, is not to be daunted. "The answer is to develop new proceses which get away from electricity, natural gas, and coke, which is difficult to produce because of its pollution problem." New technology is being introduced in electric arc furnaces to reduce their consumption of electricity, and Korf says that he will be in a position to market such a system before long. He claims it will reduce the production cost per tonne of steel by 10-15 per cent, bringing it into the same arena as steel produced in integrated works.

The second generation of dri plants could also be on the horizon. Korf's plans for bringing dri technology back into the world of reality in those countries which have high energy costs lie in a pilot plant which is being funded by Korf-Stahl, Voest, and the German Government. The £5m plant, which is due to come on stream shortly at Kehl, incorporates a process for making liquid pig iron, using non-coking coal as its fuel. Korf describes the KR (Korf Reduction) process as a modified blast furnace, to be used like a conventional dri plant, or to replace up to 20 per cent of the coke used in a blastfurnace.

The future of Korf lies in the group's ability to innovate and adapt. Korf himself is critical of the conservatism which has predominated in the European steel industry. "They did not want to know about continuous casting, or dri, at the beginning," he says. In implementing new technology at his own steel plants, he believes that he has shown the way to survival in a depressed industry.

Korf's enthusiasm for the future lies with the U.S., and the developing countries. In addition to Libya, he has recently sold dri plant to Malaysia and sees many more opportunities for the application of this technology in countries which are not preoccupied with energy costs. In the U.S., he has plans to expand his existing mini steel plants in Georgetown, South Carolina, and Beaumont, Texas. The latter, he says, is capable of being expanded from its present 800,000 tonnes capacity to 1.4m tonnes, which would be much larger than most such plants.

Self-styled capitalist

Korf is an indefatigable traveller and salesman who is deeply involved with the marketing operations of his companies. He leaves day-to-day management to the subsidiary companies, each of which has an independent board of management.

But as might be expected of a youngish man who has a dominant financial stake in the group which he founded, the Korf imprint remains strong. He does not foresee any need to relinquish his financial control, and argues that by going public the group would be far less flexible. He has built up a reputation for living the life of a self-styled capitalist, with his own jet aircraft and enjoying high society—although he is quick to point out that his head office is located at Baden-Baden "not for the casino, but because it is close to the Kehl plant."

He bemoans the fact that it is becoming increasingly difficult to practice and preach this philosophy in Europe, which is why the U.S. is his salvation.

Management abstracts

Solar Energy. J. Myers in Industrial Engineering (U.S.), Apr 81: 24 pages (3½ pages illus.)
Outlines factors to consider (including siting) when designing buildings which incorporate solar energy features; presents a worked example to show how insulation may increase solar heat retention, and thus permit 'downsizing' in conventional heating equipment.

Setting Objectives—Theory v Practice. J. W. Hunt in Industrial Engineer (Australia), Feb 81: 7 pages (4½ pages)
Claims, on the strength of central government experience, that 'management by objectives' is a failure in practice; sets out to discover why and finds that it is static, whereas organisations are dynamic and that objective-setting does not permeate to lower levels; suggests that the setting of objectives should be a continuous activity, that units covered should be smaller, and that unstructured group discussions would reduce conflict.

Premiums and Incentives. C. Petersen and others in Campaign (UK), Apr 81: 47 pages (12½ pages illus.)
This overview of how to organise sales promotions and incentive schemes, considers, among other things, the importance of premiums in the marketing mix, and how to use incentives to motivate staff; there is a piece on motivating advertising agency personnel.

Selling to Zimbabwe. T. Bush in Export Direction (UK), Apr 81: 18 pages (7 pages illus.)
Examines the Zimbabwe import market: finds that sanctions-stimulated self-sufficiency has reduced UK dominance, and offers advice to exporters on getting a foot back in the door—particularly by knowing what they cannot sell.

Fire Safety. D. G. Varnfield and H. Beckingham in Health and Safety at Work (UK), May 81: 36 pages (2½ pages illus.)
Discourses on organisations' responsibility for fire precautions, then gives details of training courses/packages developed by the British Fire Services Association; provides advice on the use of extinguishers.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (inc. VAT and p + p—cash with order) from Anbar, P.O. Box 23, Wembley, HA9 8DJ.

BUILDING AND CIVIL ENGINEERING

High-flier heralds steeper rise

BY DEBORAH PICKERING

THE CITY of London would call him a business magnate. In American parlance he is a whizz-kid. But the Germans have *the* word—it is *senkrechtstarter*, which FT Frankfurt tells me means an aeroplane with a take off of 90 degrees.

This vertical flier is Horst-Dieter Esch, not yet 40, the chief executive of Europe's largest maker of construction equipment, IBH. Since his group acquired American Terex, Esch's family is now spread internationally to promote the sale of equipment through independent distributors and, he says, reach a target of £550m for the year's full trading.

IBH (including Hymac, captured at the beginning of this year, and Terex) has already achieved a turnover of £270m in the first half of 1981. This represents an 8 per cent increase over the same period of 1980 when IBH turnover is adjusted to add in the figures for Terex which only became a member of the group last January.

While other construction equipment companies feel diluted by the general downturn in the industry, IBH's current £113m for just two and a half months' sales is a lot rosier than others' order books.

Even with the problems of the high value of the pound, Hymac in the UK is exporting more than 45 per cent of its production. It is shipping machines to Iraq, Libya, Nigeria and New Zealand is biting hard. Hymac says that this is an increasing trend, and the company is enjoying dialogue with Saudi Arabia, expected to culminate with more equipment being sent there by the end of this year.

Hymac had its people on short working time at the end of 1980, but on top of getting everybody back to a full time programme it is taking on an extra 30 people (about 6 per cent of the workforce) with full production promised this month.

In IBH's current order book is another £55m for military requirements. Developed by Zettelmeyer particularly for this market is the ZD 3000 wheel dozer. More than 500 of these are on order from the French and German armies for delivery between now and 1985.

IBH reports that 68 per cent of production is being exported from its German-based manufacturing units — Zettelmeyer, Hamm, Hanomag, Wibau Duomat and Lanz.

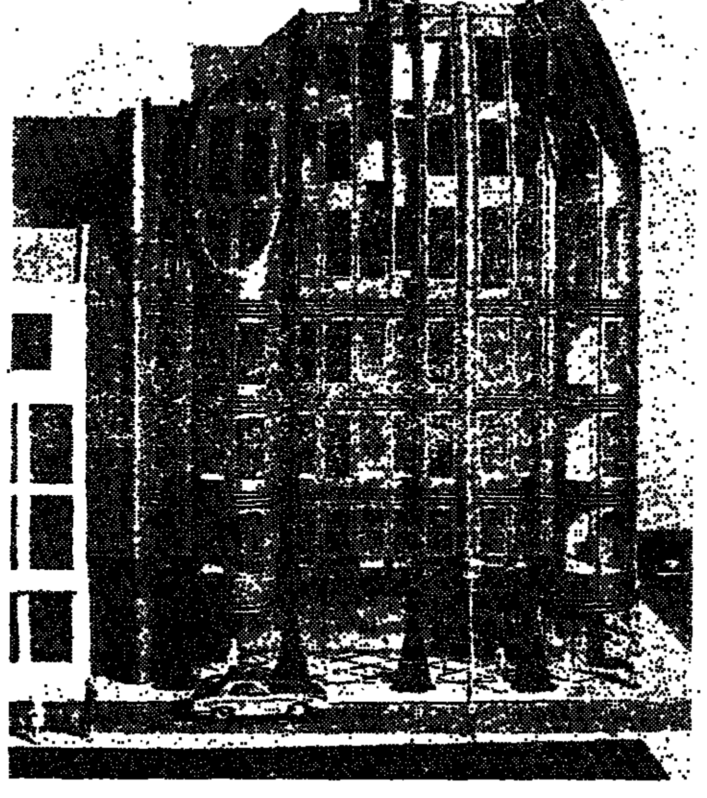
Herr Esch is having to spend more time in the U.S. since IBH's acquisition of Terex. Operations there show 66 per cent output going to Mexico, Indonesia, Chile, Turkey and Venezuela—Mexico alone is worth about £12.5m.

All this underlines IBH's pledge, which is "Exclusive concentration on development, production and sale of construction equipment. The sale of construction equipment only through efficient and independent distributors at home and abroad. Decentralised management with the maximum of independence and full responsibility for each and every IBH subsidiary."

The last part of the German dynamo's credo is fully endorsed by UK Hymac which tells me that the man at the top is often seen at the bottom . . . spending almost the whole time on the company's stand talking to customers at this year's International Construction Equipment exhibition at Birmingham's NEC.

Esch is peripatetic, visiting the Hymac operation at least once a month where he is regarded as an unquestionably "visible" man.

Despite his Mr Big image, he maintains avuncular control, allowing each and every unit of IBH to paddle its own canoe.



Picture of architect Batir's model of the new Samuel Properties development at 66 St. James's, Street, London SW1, topped out last Friday by the Hon. Jacob Rothschild. Main contractor is Norwest Holst which has strived to retain many of the characteristics of the site of the late Sir Francis Chichester's Map House, including the turrets of the building's predecessor. An extra floor has been added to create part of a luxurious penthouse flat with roof garden. Superstructure is a steel frame cased in concrete and clad in bronze aluminium which, with sealed double glazing, is said to be a major design feature. Agent Anscombe and Ringland expects offers around £1.5m for the penthouse from whose master bedroom a bedside clock can be synchronised with Big Ben's timepiece.

Mowlem £10m awards

DIVERSE ACTIVITIES within Mowlem International include a major roads project worth £7.3m awarded by the Department of Transport for upgrading part of the A40 Western Avenue trunk road.

A dual three-lane and interchange underpass facility is to be built at the intersection with West End Road, Hillingdon. This improvement will start at Northolt Airport and run eastwards for one and a half kilometres. West End Road will remain at ground level and the new roundabout will incorporate two 32.5 metre long clear span bridges over the trunk road, and four slip roads providing a full interchange facility.

The company will have to divert Yeading Brook, in a one kilometre long concrete culvert round the line of the underpass before the main excavation of about 200,000 cubic metres of earth can begin.

Another challenge is presented with the diversion of major services which are laid beneath the existing road. These include large diameter water mains, high voltage electricity cables, large gas mains and telephone lines.

Other work from the Department is worth an extra £1m and covers the replacing of an existing bridge carrying the A40 over the Grand Union Canal east of Kensington Road, Greenford. Work here starts this week and should take about two years to complete.

New houses

Milton Keynes Corporation has placed an £835,000 contract for Mowlem to design and build 44 houses for shared ownership at Bradwell Village. This development is off Loughton Road and is a mixture of one, two- and three-bedroom houses, either semi-detached or in terraces of three and four. The houses are designed in timber frame with brick cladding and tiled pitched roofs.

E. Thomas

Various building schemes in Cornwall and Devon are worth £800,000 to one of the Group's companies, E. Thomas of Ponsanooth and Newton Abbot. Projects to be undertaken include a £350,000 theatre development at St. Michael's Hospital, Hayle, near St. Ives, a £175,000 industrial and commercial contract near Penzance, conversion of a shop into premises for a building society at Falmouth, and about £150,000 of small sewerage treatment works to serve Lovell Homes Western's housing development at Bideford.

Boskalis spans Europe and Saudi Arabia

INVOLVED IN two multi-million projects as far apart as the Netherlands and Saudi Arabia are companies in the BosKalis group.

Work in the final phase of the Delta Plan (drawn up in 1954 to protect the vulnerable south west corner of the Netherlands) covers the design, development and construction of an underwater inspection system. This comes under the £700m Eastern Scheldt project shared by a consortium of contractors known as Necos v.o.f. on behalf of the Dutch Ministry of Transport and Public Works.

Extensive areas on both sides of the nine kilometre long storm surge barrier (now under construction across the Eastern Scheldt) are being covered with protective mattresses to be closely inspected for wear and tear and for any build up of algae and other marine matter. Moreover, says BosKalis Westminster, it will be possible to identify and measure accumulation of sand deposits.

Being developed at a cost of £1.6m, the inspection system will be used both during construction and after the storm surge barrier is completed (sometime in 1985). The underwater unit will be of a type of tracked vehicle that can be lowered to the seabed when required.

Consortium comprises Nesa v.o.f. of Rotterdam, bv Skadoc 77 of Yerseke and three subsidiaries of Royal Boskalis Westminster nov (two wholly owned and INA/CINTAC bv, a 50 per cent owned company).

Dredging in Saudi

The Royal Commission for Jubail and Yanbu of the kingdom of Saudi Arabia has ordered a three-year £100m-plus scheme to be undertaken by Adriaan Volker Saudi Arabia, Boskalis Westminster Al Rushaid and Dong-Ah Construction.

Major harbour dredging is necessary plus land reclamation and containment for the preparation of refined petroleum product tank farms and for the creation of sites for berthing facilities for petroleum and petrochemical tankers.

The refinery tank farms will cover over 172 hectares on a site located on the north side of the eastern end of the existing causeway.

Consulting engineer is Arabian Bechtel Company and Bechtel Inc. Adriaan Volker Saudi Arabia is a subsidiary of Royal Volker Stevin NV: Boskalis Westminster Al Rushaid an operating company of Royal Boskalis Westminster.

New road in Malawi

KIER INTERNATIONAL of the French Kier group, announces an award of £11m for the construction of the Salima to Benga Road in Malawi for the Ministry of Works and Supplies.

This project is expected to take about 31 months to complete and comprises 55.5 km of bituminous surfaced road on a crushed rock base.

There needs to be 10 bridges constructed with composite decking and precast concrete deck beams, six of which are on piles.

About 50,000 cubic metres of stabilising mats will also have to be available for use in embankments.

Laing system solves a problem

CIVIL ENGINEERING work at Esholt sewage treatment works in Yorkshire involves constructing across large, rectangular filter beds new and deeper precast concrete channels — some up to 160 metres long.

Made up of 12 tonne, six metre sections, the channels presented a headache to Laing which had to place the sections into position on support slabs, yet avoid disturbance to the filter materials in the beds (a condition which ruled out the use of a crane).

The company believes it has found a clever answer to the solution with an innovative gantry system (worked out in its London HQ engineering office) which runs on top of the channels already in place, enabling following sections to be positioned.

Channel units are lifted from behind by manually controlled travelling chain blocks running on an overhead gantry girder. A purpose built diesel-powered bogey, aided by a "dumb" bogey, carries the channel units to the gantry which itself can be similarly pushed forward to repeat the operation.

Built at the Laing Plant and Transport depot at Borehamwood, the bogies run on polyurethene-tyred wheels with no danger to concrete, and also have side guidance rollers to keep them securely on the channel tops. Nearly 1,500 units in all will be placed during this £4m Laing contract.

More for mothers

Oldham District General Hospital's maternity unit is to receive treatment itself with extensive upgrading works under a £1m contract Laing has won from the North Western Regional Health Authority.

Work includes erection of a pitched trussed roof and mansard over the four-storey maternity unit's existing flat roof. Second and third floors will also be modernised, involving stripping out and replacing doors, windows, sanitary installations and finishings.

Ad lib

A £21M contract to construct a new two and a half mile section of the M65 in north east Lancashire has been awarded to a consortium of Sir Alfred McAlpine and Son and Fairclough Civil Engineering.

Wimpey work worth £3m

FOUR new ward blocks will increase facilities at the Royal Scottish National Hospital, Larbert, under work just entrusted to the Edinburgh office of Wimpey Construction UK.

Placed by the Forth Valley Health Board, the contract is worth about £2m and specifies two 850 square metre blocks able to accommodate 30 patients in single and six-bedrooms. Work includes ancillaries such as toilet and washing, day activity room, dining room and servery.

Second contract, worth £1m, has been let by the Prison Building Division of the Scottish Development Department for the erection of a new gatehouse incorporating vehicle lock-up and boiler house at Saughton Prison, Edinburgh.

Sweeter water in Baghdad

PRESENTLY UNDER WAY is a £1bn programme for sewerage and sewerage treatment facilities in the City of Baghdad for which scheme Leeds consulting engineer Halste and Partners will provide 40 contractor advisers.

Cementation in Ghana

A MAJOR project just awarded to Trafalgar House company, Cementation International, is worth £7.6m, for building the Ankobra and Jumero bridges in Western Ghana.

Both bridges, designed by TH Engineering Services, have precast post tensioned beams and in-situ decks.

The 135 metre Ankobra (part of the Pan African Highway) has five spans and tubular piled foundations, while the 160 metre long Jumoro Bridge has six spans with concrete piled pad foundations.

Work starts shortly with completion expected early in 1985.

Hallam systems

WORK won during the past three months by Nottingham's Hallam Group is now valued at over £4.3m, with Volumetric Housing comprising the major portion.

The company has £2m's worth of this nature awarded by the City of Nottingham to replace aluminium prefabs in Bilborough (£1.4m), and Leech Homes is also using the system on developments together worth £850,000 in England and Scotland.

Its Derwent System, too, has also attracted new contracts: £1.75m including design and construction of a new Crown Court complex at Woolwich for the PSA and office extensions for David and Charles (Holdings) in Newton Abbott; while the Lincpac System has been specified for extensions to Glebe House School, Norfolk, and Hallamcabins worth over £60,000 are travelling to northern Europe.

Pools win is nearly £4m

IPSWICH IS to have a leisure swimming pool, and a competition pool, both enhancements to be located in the centre of the town.

Designed by Suffolk County Architect, the project has been awarded to FJ Construction Group of East Anglia, and will cost under £4m.

JACUAR. IN PURSUIT OF PERFECTION.

In the Summer of 1980, Jaguar Cars Ltd was re-formed as a separate company within the Cars Group of B.L. And one of the world's great car makers regained control of its own destiny.

As a result, every model in the Jaguar range is now a better car. Not just face-lifted, but better.

And better value too because, in the process, recommended retail prices for all models have been substantially reduced.

All 12-cylinder models are now fitted with our unique new 'High Efficiency' high compression cylinder head–a triumph of Jaguar engineering which both improves performance and gives fuel economy superior to the Mercedes 380 and 500 S-class.

There are many improvements to the already superlative standard specification. On the XJ12 H.E., these include wider section tyres and new alloy wheels, an electrically operated steel sunroof, twin electric door mirrors, a headlamp wash/wipe system and a range of lustrous new paint colours using Jaguar's new high technology paint process. Both 6-cylinder models have also been improved–outside, inside and under the bonnet.

Finally, a standard specification XJ6 4.2 Automatic at £15,040 costs £260 less than a standard Mercedes 280 SE. But here is the real difference; standard specification on the Jaguar 4.2 includes leather upholstery, electric windows, electric aerial and a radio/cassette player. On a Mercedes 280 SE these features are all "extras" at a recommended cost of £1,732.

Our philosophy is called the Pursuit of Perfection.

You could call it more Jaguar for less money.

Take a test-drive–because actions speak louder than words.

Price, based upon manufacturer's R.R.P. and correct at time of going to press, includes seat belts, Car Tax and VAT (Delivery, number plates and road tax extra.) Mercedes price inclusive of delivery. Sun roof standard on XJ12 H.E. but optional on XJ3.4 and 4.2 models. Official fuel consumption figures for Jaguar XJ12 H.E.–urban cycle 15.0 m.p.g. (18.8L/100km); constant 56 m.p.h. 26.8 m.p.g. (10.5L/100km); constant 75 m.p.h. 21.5 m.p.g. (13.1L/100km).

JAGUAR CARS LTD
In pursuit of perfection.

LOMBARD

Time to 'derig' indexed gilts

BY SAMUEL BRITTAN

THE REMOVAL of all limits on the age at which people can hold index-linked National Savings bonds is welcome, if long overdue. In truth they are no longer Granny Bonds, although I find it difficult to call them People's Bonds. ("The people's bond is deepest blue. It shroudest o'er our debased gilts.")

The biggest anomaly now remaining in official funding is the restriction of ownership of marketable indexed gilts to pension funds and similar institutions. The two issues of indexed gilts have been successful, whatever the rights and wrongs of the Bank's initial marketing tactics. The Government has succeeded in selling £2bn of long-term debt at a time when sales of conventional stock would have been difficult and expensive. Above all the Bank has no need to borrow for the Treasury into the next century at nominal yields of 15 or 16 per cent—although that is what it has just, needlessly, resumed doing.

Nevertheless the contrast between the 2.8 per cent yield at which institutional investors have priced the marketable gilts and the willingness of private citizens to buy the ex-granny bonds at virtually zero real yield, does suggest that the restrictions on ownership are raising unnecessarily the cost to the Government of borrowing on indexed gilts.

Restrictions

It is ironical that the main reason why the restrictions were imposed was the decision to prevent overseas holders buying them and bidding up the sterling exchange rate: hence the original Whitehall name "RIG," restricted indexed gilts. Yet by the time the second issue comes to be marketed, the Treasury and Bank were worried by the problems not of a rising but of a falling pound. The most influential reason for the Bank of England's fierce opposition to indexed gilts was its effect on sterling: and RIG was a compromise to stem an anxiety the opposite of that which now exists.

Indeed the main reason why short-term interest rates have been under upward pressure—in contrast to the Budget hopes of a further fall—has been the need to prevent London from becoming so uncompetitive in international money markets that sterling falls further. An inflow of funds, even from sheikhs, would be positively desirable and would help to put economic policy back on course.

The Government did in fact take the power to widen the class of eligible holders for the existing indexed gilts at any time it chose. So the change could be made quite simply. Moreover there would be no commitments for future issues. Of course there could be no question of reimposing restrictions on existing issues—derestriction has to be one way if confidence is to be maintained. But when it comes to the third, fourth or fifth issues, the Treasury would have free choice whether to issue them with or without RIG restriction in the light of exchange rate trends.

Taxation

There is, of course, a tax point. The Treasury would have to decide whether to apply the existing exemption from capital gains tax on stock which is held over a year to the indexed stock. My own preference would be to extend the exemption. Otherwise the indexation would be incomplete. If the move leads to pressure to review the taxation of paper capital gains due solely to inflation on private sector stock, this would be an added bonus. There may be a third option via a withholding tax. Differing tax treatments will lead to different yields.

It is more important to make a decision—which need not be binding for future issues—than it is what that decision is. It is not often that an instrument comes to hand to influence overseas flows independently of short-term interest rate policy; and it would be folly to throw it away.

The worst possible decision would be to defer "derigging" until a full-scale review of the taxation of the inflationary element in all capital gains. The review would take years, there would be the greatest difficulty in reaching agreement and we would end up with neither capital gains tax reform nor derestricted "RIG."

House buyers should not celebrate yet

THE WEEK IN THE COURTS

BY JUSTINIAN

THERE WAS understandable exaltation from the consumer protection lobby at the ruling last week that building society surveyors are legally responsible to house purchasers buying their homes on mortgage from building societies for the surveyors' professional negligence. If the decision stands, house purchasers will be able safely to rely on a building society's willingness to give a mortgage as meaning that the house was in satisfactory condition.

Strongly advised to commission their own survey

It has been a source of genuine grievance of house purchasers for some years that the cost of the building society's surveyors has been passed on to them, but that the surveyor's report has been confidential to the building society and unavailable to them. Not that such revelations would necessarily have improved the house purchaser's legal position.

House buyers have invariably been told that, though they pay for the survey, they cannot rely upon it as proof of the property's condition, and have been strongly advised to commission their own survey for a separate fee, preferably by another surveyor. In practice, fewer than 10 per cent of mortgagors obtain their own survey and rely instead on the building society to satisfy itself that the survey ordered will give sufficient protection against a negligent report.

Any conclusion that house purchasers have now achieved a major breakthrough in both the law and the practice of building societies must for the time being be muted, for no one can confidently predict that the decision of Mr Justice Park in Yianni v Edwin Evans and Sons* will stand the scrutiny of appellate court. The decision rests on a development over the last 20 years of the law relating to professional mis-statements that is not without its general uncertainty and in particular its ambit.

In Hedley Byrne and Company Limited v Heller and Partners Limited†, the House of Lords in 1964 established the doctrine that anyone who exercises skill and judgment in making a statement which he knows will be relied upon by a third party owes the latter a duty of care. In that case, advertisers had sought through their bankers an assurance that a prospective customer was creditworthy. The former wrote to the National Provincial Bank, asking that it should inquire of the customer's bankers, Heller and Partners Limited, of the credit status of the customer. A reply was forthcoming that indicated that the customer appeared to be good for the amount of credit that was contemplated in the transaction, but Heller and Partners added with consummate caution: "Confidential, for your private use, and without responsibility on the part of the bank or its officials." That was passed on by the National Provincial Bank to Hedley Byrne.

When it turned out that the customers were on the brink of insolvency and defaulted on its payments for the advertising placed in a trade journal, Hedley Byrne sued Heller and Partners for fraud and negligence. The charge of fraud was not pursued during the course of the trial and the action continued on the grounds that Heller and Partners had broken their duty of care in having made a professional mis-statement as to their customer's credit-worthiness.

Although Hedley Byrne failed in their action, the House of Lords ultimately upheld the doctrine that there was a fiduciary relationship between Heller and Partners and Hedley Byrne that made the former legally responsible for its negligent mis-statement.

Since that time, the courts have consistently applied the doctrine to other kinds of negligent mis-statements by those whose skill and judgment had been reasonably relied upon. The slight hiccup in an unbroken sequence of cases came in 1971 in a case in the Privy Council in an appeal from the Australian courts. In Mutual Life and Citizens' Assurance Company Limited v Evatt‡, a majority of the judges turned their backs on the Hedley Byrne ruling, doubting the law as developed in the House of Lords.

Hence, the whole doctrine has become susceptible of second thoughts by the House of Lords, which is now differently composed, and has, since 1966, become freed from being bound by its own previous decisions. Some uncertainty hangs over the Hedley Byrne ruling, even if the odds are heavily in favour of continued approval for it.

There is, however, a more formidable hurdle facing those who seek to sustain the house purchasers' victory over building society surveyors. Hedley Byrne, in fact, failed in their action because the exemption from liability in Hellers' specific disclaimer prevailed. An exemption emanating from the building society in the *Yianni* case may have the like effect in law.

Section 30 of the Building Societies' Act, 1962, provides: "Where a building society makes to a member an advance for the purpose of its being used in defraying the purchase price of freehold or leasehold estate, the society shall be deemed to warrant to the member that the purchase price is reasonable, unless, before any contract requiring the member to repay the advance is entered into, the society gives to the member a notice in writing in the prescribed form stating that the making of the advance implies no such warranty."

The building society's surveyors were told the purpose for which their survey was required: that the building society would keep any survey confidential to itself in determining whether an advance would be made and if so how much, and that the prospective mortgagors would be invited to seek their own survey. The mortgagors were given the statutory notice, which informed them that in the event of the building society making an advance to assist them in the purchase of the property, the making of the advance would not imply any warranty by the building society that the purchase price was reasonable.

No warranty that the price was reasonable

Did the building society's disclaimer protect their surveyors from legal responsibility for any negligent mis-statements contained in the survey confidentially submitted to the building society? Or were the surveyors nevertheless responsible for their own professional negligence, which they themselves had not directly sought to exempt themselves from? The issues are nicely balanced, and any claim to ultimate victory by either side must await the verdict of the final court of appeal.

* *The Times Law Report, July 29, 1981.*
† *1964 AC 465.* ‡ *1971 AC 793.*

Loyal Toast possesses authority

RACING

BY DOMINIC WIGAN

SEVERAL GOOD judges who had seen Loyal Toast rout a more-than-useful field at Ascot on his race-course début were surprised to learn through Guy Harwood's post - Richmond Stakes comment at Goodwood that he considered stablemate Treboro his best two-year-old.

We should know a little more about Loyal Toast by Friday evening for the U.S.-bred youngster who beat Telephone Man more easily at Ascot than did Treboro in the Richmond will by then have run at Lingfield.

Loyal Toast travelled smoothly against Telephone Man and company. The Pulborough youngster burst from the pack entering the final furlong. Extending his lead with every stride he strode clear, to win by seven lengths.

No colt—and only Circus Ring among the fillies—has won a good quality two-year-old event with that sort of authority this season. Before the summer is out it may well be that Harwood will find himself publicly reassessing the relative merits of Loyal Toast and Treboro.

A couple of hours after Loyal Toast follows the pattern of To-Agori-Mou by travelling to Lingfield for the second race of his career, Mrs Max Muinos, the owner of England's outstanding second-season miler, will be on hand at Newmarket to see Mou-Ferni-Tychi go through his paces in an evening maiden event. This Royal and Regal colt, a 26,000 guineas yearling purchase, is another example of Harwood's fine eye for a "snip."

In contrast, the majority did not leave Goodwood with the impressio that only inexperience had cost him the verdict against Tolley. Nevertheless, he should have few problems in adding to the flow of Pul-impression that only inexperi-borough winners which have outstripped those from the other leading stables since the first week of the campaign.

RIPPON

2.30—Gifford**
3.30—Countess Olivia*
4.00—Corley Moor***
5.00—Go Swiftly

† Indicates programmes in black and white

BBC 1

6.40-7.55 am Open University (uhf only). 9.50 The Wombles. 9.55 Jackanory. 10.10 Cheggers Plays Pop. 10.30 Why Don't You . . .? 10.55 Cricket: The Fourth Test: England v Australia, commentary from Edgbaston. 1.12 Midday News. 1.30 Bod. 3.30 Home on Sunday: Richard Baker visits George Thomas, Speaker of the House of Commons. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Hong Kong Phooey. 4.55 John Craven's Newsround. 5.05 Go With Noakes. 5.35 Roobarb.

5.40 Evening News.
5.55 Regional News Magazines and Nationwide.
6.20 Tom and Jerry.
6.30 Doctor Who.
6.55 Ask the Family.
7.20 Freebie and the Bean.
8.10 Panorama: The Chinese News Machine.
9.00 Nine O'Clock News.
9.25 The Monday Film: 'Young Billy Young' starring Robert Mitchum.
10.50 Now Showing: film review.
†11.20 Phil Silvers as Sergeant Bilko.
11.45 News Headlines.

All Regional programmes as BBC-1 except as follows:

BBC Cymru/Wales—1.30-1.45 pm Dan Draed. 2.30-4.15 Eisteddfod Genedlaethol Maldwyn A'I Chyffiniau. 5.55-6.20 Wales Today. 6.20-6.50 Dad's Army. 6.50-6.55 Newyddion. 9.25-10.20 Eisteddfod Genedlaethol Maldwyn A'I Chyffiniau. 10.20-10.50 Two Men and a Boat.

Scotland—9.50-9.55 am The Wombles. 10.10-10.30 Bzzz. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle) — Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
1.35 pm Cricket: The Fourth Test England v Australia, commentary from Edgbaston.
6.05 Open University.
6.55 Six Fifty-five Special.
7.25 Return Call to Brass Tacks.
7.30 Mid-Evening News.
7.40 Under the Weather.
8.10 Secret Army.
9.00 Peggy Lee Entertains . . .
9.45 Brass Tacks.
10.30 Jump Run: A Look at Sky-diving.
10.45 Newsnight.
11.30 Test Cricket Highlights.

LONDON

9.30 am Larry the Lamb. 9.40 The Search for the Persian Royal Road. 10.30 Animated Classics 'Off on a Comet.' 11.15 Rocket Robin Hood. 11.35 Razzmatazz. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 Me and My Camera. 1.00 News at One. 1.20 Thames News. 1.30 The Spinners. 2.00 The Riordans. 2.30 Monday Matinee: 'Squeeze a Flower.' 4.15 Bugs Bunny. 4.20 Runaround. 4.45 Into the Labyrinth. 5.15 History of the Motor Car.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 A Sharp Intake of Breath.
8.30 World in Action.
9.00 Quincy.
10.00 News at Ten.
10.30 Hammer House of Horror.
11.30 Great Fights of the Seventies: Ali v Spinks.

ANGLIA

9.40 am The World We Live In. 10.05 Young Ramsay. 10.55 Stingray. 11.20 Pro-Celebrity Snooker. 12.30 pm Home and Design. 2.00 Monday Film: "The World of Susie Wong." 5.15 Worzel Gummidge. 6.00 About Anglia. 6.30 Survival. 10.30 WKRP in Cincinnati. 11.00 In Concert. 11.30 Hammer House of Horror. 12.30 am Reflection.

ATV

9.25 am The Nature of Things: Wild Africa. 10.20 Superstar Profile. 10.45 Apaches. 11.10 Young Ramsay. 12.30 pm Home and Design. 1.20 ATV News. 2.00 Afternoon Thriller: "A Prize of Gold." 3.45 Our Little Town. 5.15 Worzel Gummidge. 6.00 ATV Today. 11.30 ATV News. 11.35 Just Cram Your Finger In The Dial. 12.05 am Something Different.

BORDER

9.35 am The Lost Islands. 10.00 Superstar Profile. 10.25 Chopper Squad. 11.10 Thunderbirds. 12.30 pm Home and Design. 1.20 Border News. 2.30 Monday Matinee: "Happily Ever After." 5.15 Worzel Gummidge. 6.00 Lookaround Monday. 6.15 Spare Time. 6.30 Peterborough Festival of Country Music. 10.00 News and Border weather. 11.30 Border News.

CHANNEL

12.30 pm Home and Design. 1.20 Channel Lunchtime News. 2.00 Monday Matinee: "The Undefeated." 5.15 Worzel Gummidge. 6.00 Channel Report. 6.10 Chopper Squad. 10.28 Channel Late News. 11.30 News and weather in French.

GRAMPIAN

9.45 am First Thing. 9.50 Tarzan. 10.35 Al Oeming, Man of the North. 11.00 Call it Macaroni. 11.35 Bailey's Bird. 12.30 pm Home and Design. 1.20 North News. 2.00 Monday Matinee: "A Farewell to Arms." 5.15 Worzel Gummidge. 6.00 Summer at Six. 6.35 Target Bowls. 10.00 News followed by Reflections. This week the Rev. Prof. Alan Main, of Christ's College, Aberdeen. 10.30 Football—The Aberdeen Tournament. 11.45 North Headlines and area weather. 11.50 Father Dear Father.

GRANADA

9.30 am Evolution. 9.50 Cool McCool. 10.15 Tarzan. 11.00 Sesame Street. 12.30 pm Home and Design. 1.20 Granada Reports. 1.30 Music from the Flags. †2.00 Monday Matinee: "Madeleine" the trial of Madeleine Smith. 4.05 Yorkshire Ditty. 5.15 Worzel Gummidge. 6.00 Granada Reports News. 6.05 Old Salts. 6.30 The Addams Family. 11.30 Clues.

HTV

9.45 am Survival. 10.10 Fangface. 10.35 Out of Town. 11.00 Sesame Street. 12.30 pm Home and Design. 1.20 HTV News. 2.00 Disney Cartoons. †2.15 Monday Matinee: Richard Widmark and Sidney Poitier in "The Bedford Incident." 4.45 Bailey's Bird. 5.15 Worzel Gummidge. 6.00 Report West. 10.28 HTV News. 11.30 Paris by Night.

HTV Cymru/Wales—As HTV West except: 12.0-12.10 pm Fialabalam. 1.30-2.00 Hamdden. 4.45-5.15 Ser. 6.00-6.25 Y Dydd. 6.25-7.00 Report Wales. 10.30-11.00 The Questors. 11.00-11.30 The South Wales Echo Snooker Tournament.

SCOTTISH

9.55 am Natural Environment—Antarctica. 10.20 Adventure Time. 10.30 England Their England. 10.55 The Lost Islands. 11.20 Pro-Celebrity Snooker. 12.30 pm Home and Design. 1.20 News Headlines and weather report. †2.00 Best of British: "A Night To Remember—April, 1912." 5.15 Worzel Gummidge. 6.00 Scotland Today. 6.30 Mork and Mindy. †10.00 News and Scottish News. 10.30 Golfing Greats. 11.00 Late Call. 11.05 Hammer House of Horror.

SOUTHERN

9.30 am Coral World. 10.30 The Adventures of Niko. 11.00 Ukaliq. 11.30 George Hamilton IV. 12.30 pm Home and Design. 1.20 Southern News. 2.00 Houseparty. 2.25 Nor the Moon By Night. 5.15 Worzel Gummidge. 6.00 Day by Day including Southsport. 10.00 News followed by Southern News Extra. 11.30 WKRP in Cincinnati. 12.00 am Weather forecast followed by How To Use A Vicar.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Untamed Frontier. 9.55 Beachcombers. 10.15 The Beatles. 10.25 Mumbly. 10.35 Stingray. 11.00 Sesame Street. 12.30 pm Home and Design. 1.20 North East News and Lookaround. †2.00 Monday Matinee: "Jigsaw." 4.00 European Folk Tales. 4.15 Cartoon Time. 5.15 End of Part One. 6.00 North East News. 6.02 Sale of the Century. 6.30 Northern Life. 10.30 North East News. 10.32 The New Avengers. 11.30 Our Little Town. 12.00 am Will Your Anchor Hold?

ULSTER

12.30 pm Home and Design. 1.20 Lunchtime. 4.13 Ulster News. 5.15 Worzel Gummidge. 6.00 Good Evening Ulster. 6.30 Here's Boomer. 10.29 Ulster weather. 10.30 The Irish Factor. 11.00 George Hamilton IV. 11.30 Bedtime.

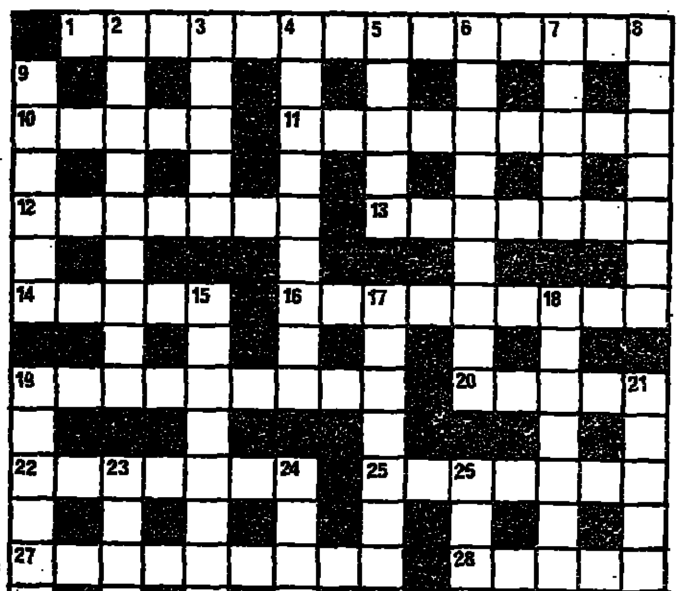
WESTWARD

9.35 am Sesame Street. 10.35 The Lost Islands. 11.00 Summer Sport. 11.55 Wattoo Wattoo. 12.30 pm Home and Design. 1.20 Westward News Headlines. 2.00 Monday Matinee: "The Undefeated." 4.12 Gus Honeybun's Birthdays. 5.15 Worzel Gummidge. 6.00 Westward Diary. 10.32 Westward Late News. 11.30 Faith for Life. 11.35 West Country weather and shipping forecast.

YORKSHIRE

9.30 am Sally and Jake. 9.40 World We Live In. 10.05 Target Bowls. 10.30 The Adventures of Niko. 11.00 Wilderness Alive. 11.55 Wattoo Wattoo. 12.30 pm Home and Design. 1.20 Calendar News. †2.00 Monday Matinee: "The Third Man." 4.00 Hear Here. 5.15 Worzel Gummidge. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 10.30 Clegg's People. 11.00 Hammer House of Horror.

F.T. CROSSWORD PUZZLE No. 4,636



ACROSS

1 The fastest train is quite ruthless (5, 2, 7)
10 Try for a start to register fish (5)
11 Adored being confused even at red (9)
12 Bill leads Pole to door (7)
13 Dotty sort of painting (7)
14 Aim to include first person? Correct (5)
16 Sends rude shape to nude (9)
19 Daughter has relative not quite as brave (9)
20 Stopped lying one day in the saddle (3, 2)
22 Keeping up with a stroke in the water (7)
25 Wash down girl they say with shout of praise (7)
27 Spanner may make teething right in the end (9)
28 Knotty number to which boy returns (5)
29 Artist's material comes with a bulletin, separately (9, 5)

DOWN

2 Match girl's outfit with West-end philosopher (9)
3 Seed that takes some beating (5)
4 Risk coming to flower in Yorkshire (9)
5 Nobody's going to part of daily office (5)
6 Sailor has to eat on board being late (9)
7 Using best gear I reach northern height (2, 3)
8 Acquisition not expected to make gallery close (7)
9 Plates broken by principal (6)
15 Critic of French haulage machine (9)
17 What comes out of fire (9)
18 Attacked border when irritated (3, 2, 4)
19 Its card may be powerful (7)
21 Page in the small hours covered with gems (6)
23 Received and understood boy (5)
24 Harmonised in sound key (5)
26 Children expect him to be presentable (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

RADIO 1

(S) Stereophonic broadcast
†Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Andy Peebles. 11.00 Simon Bates with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell, including 5.30 Newsbeat. 7.00 Stayin' Alive with Andy Peebles. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Colin Berry (S) including 6.15 Pause for Thought. 7.30 Terry Wogan (S) including 8.33 Racing Bulletin. 8.45 Pause for Thought. 10.00 Jimmy Young (S). 12.00 John Dunn (S), including 1.45 pm Sports Desk. 2.00 Ed Stewart (S) with Family Favourites shared with BFBS, including 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S) including 4.45 Sports Desk. 5.45 News and Sport. 6.00 David Symonds (S) with Much More Music including 6.45 Sports Desk. 7.30 Cricket Desk. 8.00 Folk on 2 (S). 9.00 Humphrey Lyttelton with the Best of Jazz (S). 9.55 Sports Desk. 10.00 Town and Country Quiz. 10.30 Star Sound. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 Midnight Newsround. 1.00 am Truckers' Hour (S) with Sheila Tracy. 2.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert: Johann Ernst Altenburg, C. P. E. Bach, Poulenc (S). 8.00 News. 8.05 Morning Concert (cont.) Copland, Holst, Busoni, Mozart. 9.00 News. 9.05 This Week's Composer, Handel (S). 10.00 Ralph Holmes and Raphael Wallfisch: Violin and Piano recital: Ravel, Kodaly (S). 10.55 Cricket: Fourth Test, England v Australia: commentary. 1.05 pm News. 1.10 Your Letters Answered. 1.30 Lunchtime scoreboard. 6.30 Mainly for Pleasure (joining vhf) (S). 7.00 Let the Peoples Sing (S): Choral competition (S). 7.30 Proms 81 from the Royal Albert Hall, London, part 1: Beethoven (S). 8.15 The Festival Scene in America. Bernard Levin reports from the Newport Music Festival, Rhode Island. 8.35 Proms 81 (part 2) Zemlinsky (S). 9.35 Some New Jerusalems: The effects of corporatism on British society. 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 Solo Clarinet: John Mayer (S).

VHF—only at the following times: 5.55-6.55 am Open University. 10.55 Iberian Requiem: A Sequence based on a Mass for the Dead by Duarte Lobo (S). 11.55 Oboe and Piano Recital: Faure, Auric, Jolivet, Planel, Schumann transcr Joachim, Georges Hue, Gyorgy Ranki (S). 12.15 pm BBC Scottish Symphony Orchestra Concert (part 1): Glinka, Rachmaninov (S). 1.00 News. 1.05 Concert (part 2). Rimsky-Korsakov (S). 1.55 Jorg Demus: Beethoven recital on a Graf piano (S). 2.35 Matinee Musicale Concert: Weber, Elgar, John Dankworth, Smetana, Bizet (S). 3.35 New records: Dvorak, Rachmaninov, Chaikovsky (S). 4.55 News. 5.00 Mainly for Pleasure with Natalie Wheen (S). 11.15-11.55 Open University. 11.55-12.55 am Open University for Scotland, Wales and Northern Ireland.

RADIO 4

6.00 am News. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 The Spy Who Came in From the Cold by John Le Carre. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.02 A Small Country Living. 10.30 Daily Service. 10.45 Morning Story: "My Son the Runner" by Brian Glanville. 11.00 News. 11.05 Down Your Way visits Thornton le Dale in North Yorkshire. 11.50 Weigh-In: Facts of Dieting. 12.00 News. 12.02 pm You and Yours. 12.27 The Jason Explanation of Age (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre: "A Case to be Answered" by Jill Hyem (S). 4.35 Smith Against the System: Phil Smith champions the individual. 4.45 Story Time: "First Time Up" from "Biggles of the Royal Flying Corps" by Capt. W. E. Johns. 5.00 PM. 5.50 Shipping forecast. 5.55 Weather. 6.00 The Six O'clock News. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker. 8.00 The Monday Play: "The Broken Neck" by Peter Tegel (S). 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime: "Bovis: The Story of a Boy" by Richard Jefferies. 11.15 The Financial World Tonight. 11.30 Music: Chopin's Sonata Op.65 for Cello and Piano. 12.00 News. 12.15-12.23 am Shipping forecast.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone 75981. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 236.

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527. Tel: 276 796.
Birmingham: Editorial and Advertising George Hse., George Rd., B15 1PG. Telex: 338650. Tel: 021-454 0922.
Bonn: Pressehaus 11/104 Heussallee 2-10. Telex: 8869542. Tel: 210039.
Brussels: 39 Rue Ducale. Telex: 23283. Fax: 512 1404. Tel: 512 9037.
Cairo: P.O. Box 2040. Tel: 751482.
Dublin: 25 South Frederick St., Dublin 2. Telex: 25414. Tel: Dublin 603378.
Edinburgh: Editorial and Advertising 37 George Street, EH2 2HN. Telex: 72484. Editorial Tel: 031-226 4120. Advertising Tel: 031-226 4139.
Frankfurt: Editorial Frankenallee 71-81. Telex: 416052. Tel: 7598 236. Advertising Frankenallee 68-72. Telex: 416193. Tel. 7598 1.
Hong Kong: Room 302, Hang Chong Building, 5 Queens Road Central. Telex: 75204 HX. Tel: 5-235166.
Johannesburg: P.O. Box 2128. Telex: 8-6257. Tel: 838-7545.
Leeds: Advertising Permanent House, The Headrow. Tel: 0532 454969.
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533. Tel: 362 508.
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772.
Manchester: Editorial and Advertising Queen's Hse., Queen St., M2 5HT. Telex: 666813. Tel: 061-834 9381.
Mexico City: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 535 6664.
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 413300 Finance. Tel: 243 1635.
New York: Editorial and Advertising 75 Rockefeller Plaza, N.Y. 10019. Editorial Telex 66390. Tel: (212) 541 4625. Advertising Telex: 238409. Tel: (212) 489 8300.
Paris: Editorial and Advertising Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01. Telex: 220044. Tel: 297 2000.
Rome: Editorial and Advertising Via della Mercede 55. Telex: 610032. Tel: 678 3314.
Stockholm: Editorial and Advertising c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603. Tel: 50 60 88.
Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Advertising Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104. Tel: 295 4050.
Washington: Editorial and Advertising 914 National Press Building, Washington D.C. 20045. Telex: 440340. Tel: (202) 347 8676.

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

THE ARTS

Festival Hall

La Sylphide

by CLEMENT CRISP

La Sylphide, in the Taglioni original of 1832, was about a ballerina — Marie *pleine de grace*—of unprecedented style, a dream of impalpable womanhood dreamed by the Romantic consciousness. Bournonville's version of four years later was concerned in part with maintaining an emotional and physical balance between the roles of the sylph and her James. Today, curiously, it is the role of the hero which seems the more intriguing, and in Peter Schaufuss's lovely staging for Festival Ballet James has every opportunity to explore the possibilities of the Romantic dilemma (the choice between domestic reality and an other-worldly beloved) that lies at the heart of the work. Festival Ballet is playing *La Sylphide* all this week, and on Thursday I caught up with Jay Jolley's interpretation of James faced with the enticing presence of Patricia Ruanne as the sylph.

Jolley has a big, easy dance manner matched with a frank, very "open" dramatic presence. Not for him, then, the brooding inwardness that marked Erik Bruhn as James, nor the haunted dreamer that we have seen with Niels Kehlet, Arne Villumsen or Peter Schaufuss. Instead we are shown a decent young man who becomes trapped, almost innocently, in a sudden passion. Thus the first scenes seem to have little of that fervour which marks the Romantic hero.

(I wished that the sylph's appearance at the window might be more as if James had summoned her from his imagination.) But as the action progressed, the emotional fever started to burn in this James's veins, and the obsession with the fantasy presence of the sylph took hold, so that the culminating *pas* with the scarf—in which James achieves his desire physically to possess the sylph and sensuality destroys the dream—had a fine and doomed intensity. In matter of dancing Jolley was ardent, soaring as a Romantic hero must. It was an interesting, valid and intriguingly nuanced account of a character, and one to be further developed.

Festival's artists continue to do very well by a production which does so well by them, albeit the Festival Hall stage constrains all the delicate fantasy of the sets, and cramps some of the expansive patternings of the dances.

Covent Garden

Serenade

Dance Theatre of Harlem's latest programme contains two ballets which show off, respectively, the men and women of the company in diametrically opposed and very illuminating ways. Friday evening began with Robert North's *Troy Game*, which used to be about the male contingent of London Contemporary Dance Theatre taking themselves and their prowes only half seriously. Harlem acquired the piece a couple of years ago, and took it one step further with jokes and muscle-flexing even more eye-catching, though there seemed an implicit belief that it was no bad thing to demonstrate bulging deltoids and a sweating physicality in the cause of art. (That it is in fact a very bad thing was evident when the Royal Ballet bizarrely acquired *Troy Game* last year, and its casts burned up energies in looking like ambivalent Life-savers, when their time would have been better spent in acquiring a cleaner, stronger technique through Bournonville schooling). For, despite its air of relentless physical effort, *Troy Game* makes no demands of its cast other than on the most obvious muscular terms. The natural rhythmic alertness of the DTH men, their strong physiques, over-egg the pudding. It is a crowd-pleaser, of course (I have not heard such indiscriminate yipping and baying in the Opera House before) and DTH needs to tickle its audience's palate, but it also needs ballet to extend and clarify its dance manner, especially among its men who too often propose athleticism as an end in itself and not merely as one part of the dance-artist's armoury.

In contrast, the women of the company are given an exemplary repertory ballet in *Serenade*. Its origins were as a stylistic exercise for the inexperienced dancers of Balanchine's first American school; for DTH it can still serve that purpose, especially as the evolutions of the corps de ballet look too careful and conscious. Bigger outlines, a fuller dynamic tone would be welcome —and, in the first movement, the support of brisker tempi and rhythms—but the identity of the DTH women as classical dancers is never in doubt in *Serenade*, whatever dubious demands the local colour items in the repertory make of them. The soloists were good, with Stephanie Baxter particularly rewarding as the "angel" of the third movement, and the drama hinted at in this and the final movement beautifully stated by Virginia Johnson and her colleagues: grief staining but not clouding the academic proprieties of the dance.

A second look at DTH's version of *Schéhérazade* suggests that it is a lost cause—if cause there could ever be after all the years since it caused such a *frisson* in Paris in 1910. Apart from Frederic Franklin's performance as the Eunuch, so simple and so sure, the cast look undecided, underpowered. I have seen games of croquet more orgiastic, and bridge post-mortems more lethal than the final massacre. The costuming is inadmissible, the lighting unhelpful, the coreography repetitious. It is like Evelyn Waugh's description of Monaco's railway station: small and unpretending.

CLEMENT CRISP

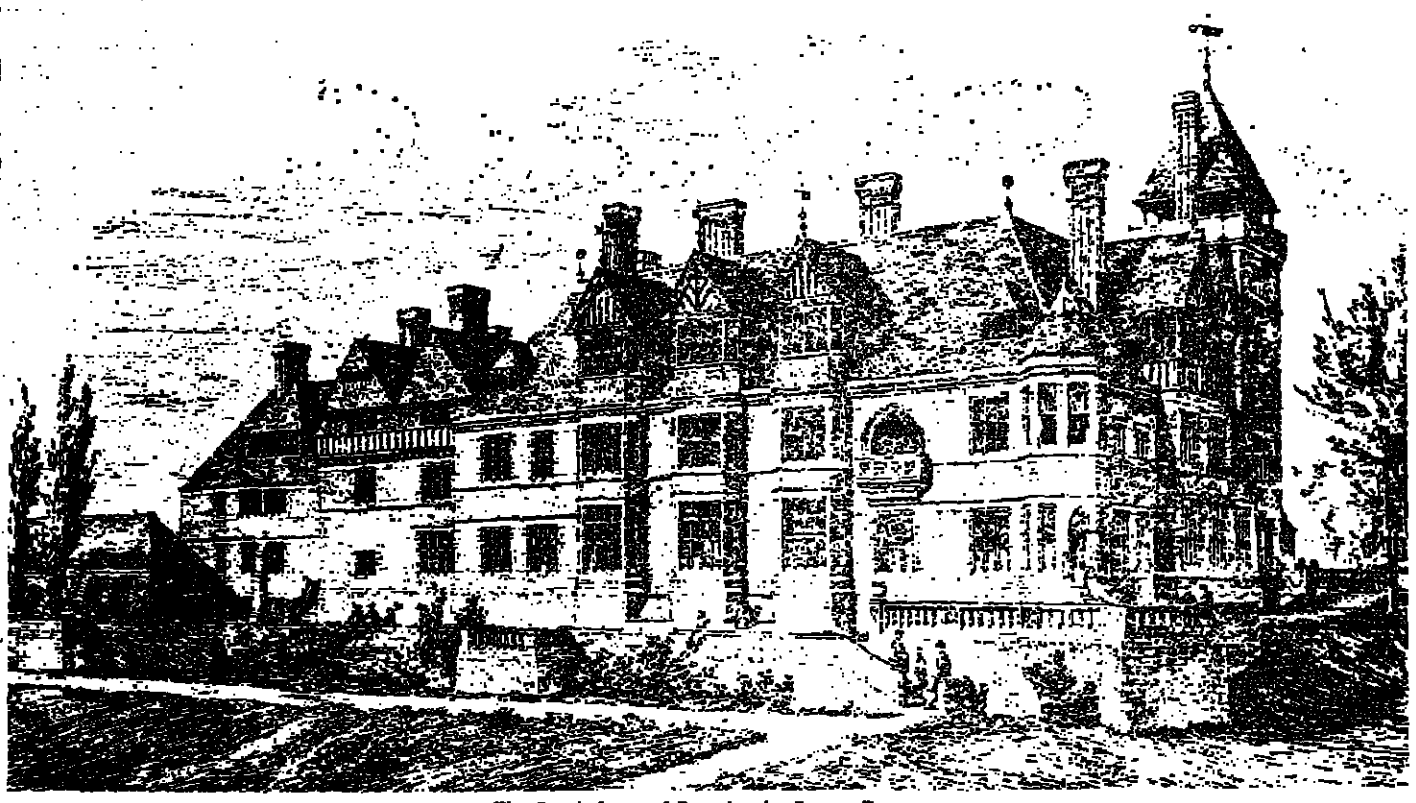
Albert Hall/Radio 3

Dallapiccola

On Saturday Gary Bertini, a Dallapiccola specalist, introduced to the Proms the *Canti di prigionia* (1938-41) in a BBC Symphony concert otherwise devoted to Haydn and Mahler symphonies. This is one of the peaks of the Dallapiccola canon —three Latin poems by three famous prisoners (Mary Stuart, Boethius, Savonaralo) embodying three distinct responses of the human spirit to the outrage of unjust imprisonment, three choral settings in which the fastidious lyricism and quietly impassioned humanitarian warmth of the composer's voice are heard in full flourish.

The instrumental ensemble, a colection of pitched (two pianos, two harps) and semi-pitched percussion, may have been influenced by Stravinsky's *Noces*; but the ethos of the music, with its choral phrases (in which the "Dies irae" plainsong motto is deeply embedded) arched over a quietly ticking accompaniment, is specifically and powerfully Italian. With a reservation about the unsteady quality of the BBC Singers' soprano highest notes, the performance was worthy of the work.

MAX LOPPERT



The South front of Rousdon by Ernest George

Country house guides

by COLIN AMERY

IT IS a staggering thought that almost 2,000 country houses were built in Britain between 1835 and 1914. It was during this period that the nature of the country house changed substantially. Up to the 1840s the people who lived in country houses represented a small and rather enclosed world. Owners of houses were still the hereditary landed classes but as the 19th century advanced, money was the key to country house life and certainly the vital ingredient when it came to building new country houses. It was the families who made fortunes from the colonies and from the Industrial Revolution who started to build houses and buy estates in the later 19th and early 20th century. These families soon acquired the appurtenances of feudalism and often enjoyed playing the squire while commuting from Surrey to the City.

In an important new book, (*The Gentleman's Country House and its Plan 1835-1914* by Jill Franklin published by Routledge and Kegan Paul price £15.95) chronicles brilliantly the social and architectural changes that created the last great explosion in country house building. The book suffers from a rather dry title. In fact Jill Franklin uses the planning of these houses to recreate a social world that has all but vanished. Victorian and Edwardian houses in the country depended totally on a hierarchical society. Armies of domestic servants supported the lives of the families and guests but the staff were practically invisible leading separate lives almost as though they were another species. Quoting from contemporary recollections, a butler is asked by his master where he keeps the cartridges. "I replied in my bedroom." "Oh," he said, "It's much too damp for cartridges in there."

It was social mores that dictated the shape of the plans of the country house and sometimes not just the shape of the buildings. Jill Franklin points out how the shape of the dining-room was conditioned by the dining-table. Early Victorian owners had strong views on the round dining-table. "There was something democratic and parvenu in a round table . . . . dissenters and calico printers chiefly used them." It was thought that the table should be rectangular with plenty of room for the servants to move around it.

Ostentation was not universally admired by the Victorians and mere bankers and brewers had to watch out for the critical eyes of the older families. One critic, Mary Gladstone, was not very impressed by the splendours of the Rothschild house, Waddesdon. She felt "much oppressed by the extreme gorgeousness and luxury, everything laid out with immense care, some rather cockney things rockeries and such-like." Augustus Hare was not impressed either by the taste of the stout making Guinnesses at Elveden Hall where an electric piano, "goes on pounding away by itself with a pertinacity that is perfectly distracting."

The division between the owner and his servants was almost total. They lived under one roof as two distinct communities. The division between the sexes inside the house was almost equally rigid. Men had their own rooms—the smoking, billiard and gun-rooms and the library gradually became the male preserve, while the ladies held sway in the drawing room.

However, in the evenings both sexes met and mingled in the main rooms. This book has nothing to say about the more sporting side of country-house life except to follow the movements of the gun-room around the plans. It is also a little too serious about the life than went on in the bedrooms of country houses. The planning of many Edwardian houses had quite a lot to do with illicit liaisons and highly organised duplicity between married couples. Indeed, much of the point of a week-end house party was to ensure privacy for al kinds of sexual pleasures. Even architectural history could be influenced by our ancestors' nocturnal enthusiasms.

This book is very good on the life below stairs and on the innovations of modern comfort. Bathrooms were often in short supply although it was considered much cosier to have a tin bath in front of the fire than to share a more public and probably chillier bathroom.

The range of architects covered in this book is very wide—380 houses of the period are discussed and the plans of more than 60 houses are analysed. Norman Shaw and Lutyens come out on top for inventive planning, although Lutyens had a preference for architectural effect over and above comfort. His houses were far more comfortable than many of the earlier Victorian giant houses that have had to become institutions to survive.

As the holiday touring starts, it is worthwhile to be armed with some of the new guides. Two have appeared this year. *RAC Historic Houses Handbook* by Neil Burton, published by Macmillan as a Papermac price £4.95. And *The Which? Heritage Guide* by Clive Johnstone and Winifred Weston, published by the Consumers' Association and Hodder and Stoughton £4.95. Of the two, I infinitely prefer the guide by Neil Burton which covers all the country houses that are open to the public and includes in an appendix those houses that are open only by appointment. The Which? guide tries to include too much with houses, museums, art galleries and some cathedrals.

I prefer Mr Burton's perceptive architectural judgment as well as his views on country house teas and lavatories. He writes from the standpoint of an architectural historian with a trained eye.

Sadler's Wells

The Gypsy Princess by MAX LOPPERT

Londoners with a taste for operetta are given too few opportunities to indulge it (and their chance usually comes in theatres like the Coliseum, where the natural intimacy of the form has to be inflated to the scale of the stage and the house). The period of drought may be over: initiatives at Sadler's Wells, a theatre of exactly the right dimensions, brought forth earlier in the year some operetta concerts, and now introduce to London the most famous operetta creation of the Hungaro-Austrian Emmerich Kalman.

Die Csárdásfürstin (the English translation is confusingly inaccurate: the Hungarian entertainer-heroine is a "Princess of the Czardás-", not of the gypsies) comes off in this production by Tom Hawkes and Nigel Douglas (who also joins the cast and provides the new translation) as amiable, undemanding entertainment of a fairly mid-brow kind. It offers no satire with anarchic tendencies à la Offenbach, no lushly whipped *viennoiserie* on *Fledermaus* lines. Nor does it aim to; a comfortingly tuneful re-enlistment of all the operetta plot familiarities, with a strong infusion of Magyar local colour, is what Kalman set out to confect.

Sylva Varescu, star of the Budapest Orpheum, is loved by the young Prince Lippert-Weilersheim; she gets him, loses him, gets him, leaves him, gets him permanently. A slight feeling of awkwardly-balanced proportions is perhaps engendered by the way most of the sob-stuff is laid on earlier and more heavily than usual, with increasing jollity reserved for the later two acts. None of the music sounded on Friday especially memorable—but this may have been the effect of the performance rather than the fault of the work, for on record the numbers make a more distinctive effect. But the flow of 3/4 and 4/4 is unfailingly agreeable, and very knowingly gauged; and in the first finale, a czárdás on the Mendelssohn *Wedding March* is a pleasing piece of mild musical impertinence.

Though in a programme note Mr Douglas exclaims over the "brilliant colours, pulsating rhythms and dynamic energy" of Kalman's Hungarian-accented musical invention, the effect of the production is to tone those qualities down. It is all very English. The Prince and his companions might be public-school boys on the town; his parents (Derek Bond and Ruth Dunning) parade in formal dress but speak their dialogue as if in tweeds and sensible shoes. Given all this, and the undercurrents of sexism and snobbery (the latter neatly controverted at the end), this is very much a show for the present age. What worried me more was the sensation of so much talent and musicianship on stage and in the pit (Barry Wordsworth and the Sadler's Wells Royal Ballet Orchestra) diluted by the characteristically demure projection of English musical comedy; it all needs far greater zest.

Marilyn Hill Smith, the edge on the tone very attractively employed, the singing unfailingly fresh and forward, never acts as uninhibitedly as she sings: not for an instant does she behave as if she really believed herself the toast of Budapest cabaret. Christopher Gillett, whose handsomely formed young tenor I recently praised in the Royal College *Ariadne*, is a wet-behind-the-ears Lippert-Weilersheim. There is more of the needed presence in the Stasi of the charming Ann Mackay; but only Boni, Tudor Davies (who makes a voice of only moderate calibre go further than any of his better-endowed colleagues), consistently crosses the footlights as a real performance. Mr Douglas, in the elderly-roué role, is avuncular and tousled, a little too much the master of ceremonies: these days, his singing is not very easy on the ears. The show runs most evenings until mid-August.

Chichester Festival Theatre

Underneath the Arches

by MICHAEL COVENEY

There have been several decisive influences on British light entertainment since the demise of Music Hall. My generation starts with the Goons and travels through Tony Hancock and *Beyond the Fringe* to Monty Python. Big Daddy of them all, so one is told, was the Crazy Gang who followed eight successive years at the Palladium between the wars with 15 after the second at the Victoria Palace.

This wonderful entertainment by Patrick Garland, Brian Glanville and Roy Hudd explains not only what all the fuss was about but also the connection between then and now. It both recreates a world of frantic zaniness — that of the Gang itself — and spotlights the central relationship of Flanagan and Allen. Christopher Timothy is Chesney Allen, a dapper, deferential stooge who stands aside from the chaos to tell the life story of his Jewish partner from Shoreditch Music Hall, through American vaudeville, to top of the Palladium bill. At the end of the first act Chesney Allen, himself the most retiring Crazy Gang member and, ironically, the sole survivor, takes the stage.

It is a fantastic moment as he places his hand on the shoulder of Roy Hudd's Bud Flanagan and takes us through "Hey Neighbour," "Hometown" and finally the title song. The effect of this double Chesney Allen image is that of a distanced pincer movement on a pulsating central celebration of a vaudevillian era that still means an awful lot to an awful lot of people.

Terry Parsons' extravagant backstage design has posters, curtains, ladders and property boxes, that are first invaded by a chorus-line of Tiller Girls done up in a riot of blue and white plumes. Roy Hudd beams like a maniacal beacon through this affectionately rendered world of showbiz tawdry, leading the line with irresistible authority. And what a line here is Monsewer Eddie Gray (Billy Gray) doing a card trick in his garbled French: Nervo and Knox (Don Smoothey and Tommy Godfrey) firing off terrible puns backed up by Charlie Naughton (Peter Glaze) egging them on from the front stalls. The whole gang takes over the theatre with a cleaning lady routine before closing ranks for the famous flower-seller sketch in the shadow of Eros. That peculiarly robust tradition of heterosexual drag is even more fabulously captured in a parade of knock-kneed principal boys in a tribute to pantomime.

The recent John Scoffield TV spectacular on the same subject with Bernie Winters and Leslie Crowther captured the spirit of Flanagan and Allen but simply cannot compete in my memory with the overall presentational merits of Roger Redfarn's production. The only flaw is a Florrie Forde sequence that overstays its welcome and does nothing to justify the nostalgic build-up.

The other great thing about the show is the reminder it offers of all those marvellous songs. "Run Rabbit Run" and "Maybe its because I'm a Londoner" are still part of most of our lives. And the final glorious stroke is to retain "Strolling" for a company finale in top hats and tales, peddling gently against the slowly moving revolve. Chesney Allen does not reappear. That is absolutely right. Until, that is, the curtain-calls.

Queen's

Quartermaine's Terms

by B. A. YOUNG

You couldn't ask for a better company than there is assembled at the Queen's for Simon Gray's new play, nor better playing than they give under Harold Pinter's direction. If Edward Fox's part gives its name to the play, this isn't because it is the most colourful: St. John Quartermaine is even more "otherwise engaged" than the hero of that play, and his prime characteristic is his detachment from anything that is going on in the school of English for foreigners where he works, or in practice doesn't work very much. He is at the centre of events because Mr Gray has put him there, not because he does anything to justify his position, save to use immense courtesy to his colleagues.

His colleagues number three men and two ladies. Anita, played by Jenny Quayle, has a husband engaged in the production of a new literary magazine, and also, as time goes by, a baby; for time goes by a good deal in this play, "some weeks" in the first act, and the best part of three years in the second. Mark (Peter Birch) is left by his wife because he devotes too much time on his novel. Derek (Glyn Grain) comes from a socially lower strain than the rest, and spends most of the play as a temporary; he too acquires a wife and child in the course of events. Henry (a performance by James Grout that I thought outstanding even in this outstanding company) is a mature individual who ultimately succeeds to the principalship of the school. Lastly, there is Melanie (Prunella Scales), suffering under the tyranny of an invalid mother.

Thomas, the Principal of the school, is never seen, but his partner Thomas, beautifully played by Robin Bailey, comes on from time to time to cheer on his staff, getting older and older until his final appearance to announce the death of Thomas and the succession of Henry.

I have given as much attention as I can to the qualities of the characters because the qualities are the plot. There is virtually no inter action between the characters apart from routine courtesies, though Melanie is allowed two small peaks, one when she tells of her mother's death by falling downstairs, one when she is visited by two policemen offstage. The pleasure of the evening must be extracted from the observation of these minor academics with their individual eccentricities. I got a good deal of pleasure from that, but frankly I felt that a good play would have offered a bit more.

Arts Council awards

The Arts Council has made three awards to designers under its training in the arts schemes. Designer and Technician Jan Sendor receives a £1,500 award to study lighting for dance theatre an dio work on a project on the use of projected images and texture with choreographer Ingegerd Lonroth.

CRICKET BY TREVOR BAILEY

Edgbaston sees second miracle

ENGLAND BEAT Australia by 29 runs on the fourth day of the fourth Test at Edgbaston, much to the joy of a large, wildly excited, unbelieving crowd. It was another cliff-hanger and in many respects even more remarkable than the win at Headingley. It puts England 2—1 up in the series.

Australia for most of the day looked as if they would just about limp home, in spite of some fine bowling from Willis in the morning. Emburey throughout had good support from Botham and Old. It was not to be, because Botham came back for a last inspired spell in which he proceeded to take five wickets for only two runs. Another cricket miracle had taken place.

Although this was a famous victory it must be admitted it underlines what I wrote at the outset of the tour—this must surely be the weakest batting side Australia have sent to this country this century.

After their defeat at Leeds there was great pressure on them even though the runs required were relatively small. Much of their batting however showed a woeful lack of technique against good bowling on a far from difficult pitch, magnificently supported in the field and brilliantly orchestrated by Mike Brearley, captain.

On Saturday morning Boycott, with Gower and later Gooch, became almost totally becalmed. Consequently the bowling looked more formidable than it was. Apart from that the well-behaved and enthusiastic crowd saw an absorbing contest between two evenly matched if somewhat limited teams. The real feature was the situation—well-supported by the bowling, outstanding wicket-keeping and fine fielding — not the quality of the cricket.

Insipid

Any team can bat badly once on that docile pitch (which later took a limited amount of gentle spin and a fast outfield) and England ought to have reached about the 400 mark in one innings instead of being dismissed for 189 and 168. Two insipid displays are hard to explain or to forgive. The answer was that nobody produced a 50, let alone a century.

It did not make much sense that Emburey should play with more conviction than any of the recognised batsmen, or that Old should be able to hit Bright (who till his arrival at the crease had had a hypnotic effect on all the other players) out of the attack in three overs.

An Anglo-Australian Test without any "needle" is rather like scampi without tartar sauce. That ingredient adds an extra bite to another battle in the 100 years' cricket war between the two countries. Both have always been willing to bend the rules to suit themselves; body-line was a beautifully-conceived, ruthlessly executed ploy which won back the Ashes for England and came closer to splitting the Commonwealth (when that concept meant more than it does today) than the present Springbok tour of New Zealand. Macdonald and Gregory in the 1920s and Lindwall and Miller in the '40s were employed to soften up as well as to blast out their opponents.

One wants Tests between these old enemies fought hard but the confrontation which took place on Friday evening between Willis and Lillee was merely juvenile. Even more to be regretted was the behaviour of the Australian slip. Having plainly shown his displeasure at Gower being given not-out caught-behind off Hogg, he clapped the umpire when he slow-balled the next delivery.

That is not playing cricket hard; that simply is not cricket. Although players have always occasionally sworn, in the past it was at themselves, not at the other side or the umpire. This is another regrettable trend harming the game.

Standards

This was the first completed Test match since the 1930s in which no batsman on either side managed to score a 50. The last occasion was on a bad Caribbean pitch. This certainly emphasises that the batting of both teams is well below the standard normally associated with international cricket.

It is difficult to see how Australia can solve their problem and it would be no great surprise if England brought in two new batsmen for the next encounter at Old Trafford. The England selectors have every right to be delighted with the performance of their bowlers, who have now twice snatched an improbable victory against all the odds.

TENNIS BY JOHN BARRETT

Getting the children started

PARENTS often ask at what age they should introduce their children to tennis. The answer, of course, depends upon the strength of the individual child, because control of the racquet when meeting a moving ball is fundamental to both success and enjoyment. Using a light junior model racquet, most youngsters with good co-ordination can sustain a rally between the ages of seven and nine.

In exceptional cases, quite tiny children can time the ball well enough to hit it over the net. I remember seeing David Lloyd's son, Scott, then three, toddling between matches at County Week at Devonshire Park, Eastbourne, and delighting the crowd by launching himself headlong at the ball with a sawn-off squash racquet.

The arrival of Short Tennis —and a similar Australian version called Half Tennis — is certain to lower the age when youngsters will transfer to the full-size game. Both provide small plastic racquets and a sponge ball which enable primary-school children to get enormous fun and satisfaction on a playing area the size of a badminton court.

For shots to be successful, the strokes have to be full-scale versions of tennis strokes, so that good habits are ingrained early. Additionally, of course, the children can unleash their natural competitive instincts in relative safety.

As many schools have already discovered Short Tennis is an ideal indoor game. As well as using space economically, it is virtually silent.

With sets varying in price from about £15 to £49 it is a wonderful game for the back lawn too, as I can attest.

With the holidays upon us many parents will be at their wits' end to keep the children amused. They should consider sending them to the clinics which most club professionals organise in the holidays at the cost of a few pounds for a short course. The County Tennis Associations will know which clubs are organising clinics, but in case of difficulty contact the Lawn Tennis Association (01-385 2366) for the addresses of county secretaries.

Then there are the residential courses from one to four weeks long, which more and more enterprising British professionals are offering. Most of them use vacant school or college buildings, like Colin Smith's courses at York University, the Action Youth organisation's programme at Keele, and John Beirne's Tennis Europa, based in Southampton.

Some have their own permanent residential accommodation, like the highly successful International Tennis and English Language Organisation at Windmill Hill Place near Hurstmonceux.

For those looking towards Europe the choice is vast, ranging from luxury hotels in France, Germany, Italy and Spain with tennis facilities to all-in package holidays.

Former British Davis Cup player Alan Mills is now offering tennis holidays in Spain through Eurotennis, and Adrian Stonebridge has announced the opening of a new Euro Tennis Hotel in October, with a special two-week rate of £285 a person including fare and half board.

Roger Taylor's delightful club at the Val de Lobo on the Algarve is also running successful holiday courses, and the Essex professional Lionel Bradford and his wife Pat are offering Algarve tennis holidays, too.

Not surprisingly the Americans have developed the tennis holiday to a fine art, offering everything from summer camps for the kids to luxurious resort vacations in the Caribbean.

The serious tennis resorts have either past players of distinction or respected teachers running their programmes. Two of the latter are Vic Braden, the first coach of Tracy Austin, and an excellent salesman who runs a school at Trebuco Canyon, California, and Dennis Van der Meer, who has two centres, both offering instruction for tennis teachers and course for active players of all standards.

Perhaps the most successful of all is Harry Hopman's International Tennis at the Bardmoor Club, Largo, Florida, where aspiring young players from all over the world come for instruction from the 40 professionals he employs at the height of the season on his 42 courts. A week of intensive instruction there, including accommodation and food, ranges from $420 to $512 for juniors and from $505 to $755 for adults depending upon the time of year and whether accommodation is single, double or triple.

In these days of expanding leisure, the Americans offer a really first-class holiday package which above all is fun

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Monday August 3 1981

Bonn begins to fight

IF THE West German Government had deliberately set out to confuse foreign opinion last week, it could hardly have succeeded better. One moment it was preaching the need for "budgetary belt-tightening" and agreeing on sharp cuts in spending in 1982. The next, it approved a DM 1.3bn programme of federal aid for the steel industry to 1985 (to which extra sums from the provincial states are likely to be added).

For years the Germans have been sharp critics of any move to restrict free trade—in the Common Market above all. Now Bonn is talking about imposition of a border levy to stop a flood of cheap European steel imports to Germany.

Unemployment

Despite the apparent paradox of all this, the explanation is in fact as simple as it is worrying. The Germans are losing patience with their partners. They are giving notice that henceforth they will be taking a tougher line in defending their national interest, both within the European Community and the Atlantic Alliance. Last week's decisions are not the first sign of this hardening attitude, but they are the clearest so far.

Naturally, Bonn is keen to stress that the investment grants and other aid it plans for its steel sector will be within EEC guidelines, and that it will act through the European Commission if it believes a border levy on imports to be essential. But even in its public statements the Government is now being blunt in a way it would never have been a year or two ago.

It speaks of "massive distortions of competition" abroad which are threatening German jobs, and says that it is "not prepared to accept" the collapse of a sector so vitally important to the whole economy.

Part of the reason for this tougher line can be traced to Chancellor Helmut Schmidt's position within the Social Democrat Party (SPD). However much he may alienate the SPD's inntellectual left wing—for example, with his tough stance on Euro-strategic nuclear missiles—Herr Schmidt is close to the trade unions, leaders and members alike, and proud of it. That is his domestic trump card. It would vanish if his Government stood by and saw a further sharp rise in unemployment in the Ruhr area, where much of the steel industry is concentrated. The same applies to Herr Schmidt's support for the proposed deal—still opposed by the U.S.—under which German steel pipes will be exchanged for Soviet natural gas. This too will help safeguard jobs in the Ruhr.

There is a more important point, however, going well beyond Herr Schmidt's domestic position and the steel sector. The Germans see growing economic problems (and social unrest) in the West, which they believe will reinforce the trend for governments to go-it-alone (despite the soothing words in the Ottawa summit communique about maintaining liberal trade policies and cutting subsidised export credits).

They expect to come under greater financial pressure in the EEC (not least from the French with their vague but no doubt costly scheme for a "social Europe.") They feel that U.S. policy, with its strong monetarist bias, will fail to achieve the objectives of steady growth with low inflation. But they think that until the Americans recognise this themselves, lower U.S. interest rates cannot be expected—whatever the economic consequences for Europe (and, incidentally, for that annual increase of defence spending of 3 per cent in real terms which the U.S. is simultaneously urging o nits allies).

Good base

The Germans are therefore drawing their own, uncomfortable conclusions. One aim of the budget package is to reduce borrowing and help permit a fall in domestic interest rates. Another is to release funds not just to help the steel industry, but to boost investment in microelectronics and energy-saving. If more government-backed guarantees are needed for export business, they will be made available. The fight is on in earnest for international business and jobs—and it is one the Germans do not intend to lose. They feel they have a good competitive base with a currency undervalued against the dollar and the second lowest inflation rate in the world. They are now out to build on that with a policy which is harder-nosed than any they have followed hitherto.

Aims of higher education

PUBLICLY-FINANCED education now costs UK taxpayers about £12bn a year. But there is no such thing as a national education system in the sense of a set of activities organised to work in conjunction towards defined ends.

Apart from the 44 campus universities which are treated as an entity throughout the UK, the State service is divided geographically. The Secretary for Northern Ireland has central control of schools and non-university colleges in Ulster. The Scottish Secretary has a moderate degree of direct power over those north of the Border. But the Welsh Secretary has little central control over education in Wales, and the Secretary for Education and Science has even less over schools and most colleges in England or over the campus universities which are shielded from his direct supervision by the University Grants Committee. With the exception of about 40 centrally funded colleges, including the Open University, State schooling and further education in England and Wales are directly administered by more than 100 local education authorities.

Expensive faults

Such a tortuous organisation militates against coherent management and undoubtedly promotes omissions, overlaps and other expensive faults. The Government is therefore justified in trying to institute greater central control.

It is a pity, however, that the attempts should be confined largely to tinkering with the internal layout of the maze, as is exemplified by the current moves to reduce and reshape higher education. This is usually defined as study of an academic status higher than the advanced level of the General Certificate of Education and leaving aside the separately administered colleges of Northern Ireland, Scotland and Wales) is provided in England by three different groups of institutions.

One group is the campus universities with places for the equivalent of roughly 300,000 students on full-time and sandwich courses and a cost to the Exchequer of well over £1bn a year. Another is the approximately 40 centrally funded colleges. The third group consists of 359 institutions run by the local education authorities.

Taking the centrally funded non-university colleges together with the local authority institutions, they provide higher education to the equivalent of 223,000 full-time students at a total public cost of roughly £600m a year.

While the Education Secretary has no direct control over the universities, central steering is provided by the University Grants Committee which has published its plans for the rationalisation of the university sector in line with the Government's cuts in its public funds. But there is no central mechanism to guide a similar orderly pruning of the higher educational activities of the other two groups of institutions.

Different

Accordingly the Government is proposing — against the wishes of the majority of local authorities — to take some two dozen of the centrally funded colleges, the 29 polytechnics and about 40 other local authority institutions concentrating mainly on advanced academic study and merge them to form a new sector of higher education. This would be under the executive authority of a body directly appointed by the Education Secretary, and so could be centrally reduced and reshaped.

It is plain that Ministers have little notion of how the resulting two distinct sectors of higher education would differ in their contribution to the national interest. The only definition to date is that the institutions under the new body would concentrate on courses linked to employment and the universities on academic excellence. But it is not explained how the nation would be best served by having about 200,000 students in 90 colleges emphasising employability at a cost of £600m a year, and 300,000 students in 44 universities specialising in academic training at a cost of perhaps twice as much.

It would surely be more productive for the Government to tackle the problem the other way round: first defining the purposes of higher education and then organising it accordingly. There seems little point in having closer control over the spending of nearly £2bn a year, but no idea of what the expenditure is for and so of whether it is being invested effectively.

THE OPTICAL FIBRE REVOLUTION

It's all done with glass

By Jason Crisp

OPTICAL fibres can seem as miraculous as the microchip in whose wake they follow. Tiny strands of very pure glass as thin as a human hair can carry up to 8,000 simultaneous telephone calls in a core just 1/200ths of a millimetre across.

Fibre which can carry nearly 2,000 calls is already being installed in public telephone networks in several countries—and last month British Telecom alone ordered 500 miles of cable to add to the 300 now being built into the network.

Fibre optics have a multitude of applications. These new fibres can carry far greater amounts of data than the old-fashioned copper wire they will increasingly replace. And this enormous capacity gives them great potential as part of the revolution in information technology which is still in its infancy.

In telecommunications, for instance, they are almost completely free of interference between lines, are immune from the electrical interference often found in towns and cities, are very hard to tap and are also much smaller and can fit into crowded ducts more easily. The signal also needs less boosting which means there are fewer repeaters in the ground.

Meanwhile in laboratories around the world research is continuing on ways to use the fibres in all sorts of other applications—from computers to cars.

The world market is still relatively small but is expected to grow rapidly. Arthur D. Little, the consultants, estimate the North American market is currently worth \$50m-\$75m. Its conservative estimate of that market in 1985 is \$500m. World sales will then be approximately twice that figure, say the consultants.

The potential of optical fibres for telecommunications was discovered in the late 1960s in Britain at the research laboratory of Standard Telephones and Cables, a subsidiary of ITT. In the early 1970s a system to manufacture the fibre commercially was developed by Corning Glass in the U.S.

Corning's manufacturing process has been licensed by a number of countries around the world including four companies in Japan, Siemens in Germany, Pirelli in Italy and BICC in Britain. In the U.S. American Telephone and Telegraph's manufacturing arm Western Electric is also a Corning licensee. In North Carolina, Corning itself has a plant producing nearly 50,000 kilometres a year, which is expected to rise to 100,000 kilometres in 1982.

A number of other companies have developed their own manufacturing process. In the U.S. there has been litigation between Corning and ITT over the patents of the process which has just been settled out of court. In Britain meanwhile GEC has developed its own method at its optical fibres subsidiary and at its Hirst laboratories.

Many countries recognise the potential and are announcing experimental communications systems running into the home as well as beginning to instal it in the telecommunications network. They include:

● **Britain** which is installing nearly 300 miles of cable containing optical fibres in its telephone network. British Telecom's order for another 500 miles of cable means a total of 4,000 miles of fibre. Last week the Department of Industry also announced a five-year £25m grant scheme to help Britain's optical fibre and opto-electronic industry become competitive in world markets.

● **France** which has plans to link 5,000 homes in Biarritz with a number of optical fibre experiments. Households would be able to receive television and radio, send mail to each other by facsimile transmission, and have access to data banks. Earlier this month France's largest electrical group Compagnie Generale d'Electricite (CGE) was awarded a contract to instal the first inter-city telecommunications link, of 45 kilometres. It is also licensed by Corning.

Mr Georges Pebereau, CGE's managing director said fibre optics was a key element in the group's development plans. A consortium of Saint-Gobain, Thomson and Corning in France has installed cable with optical fibre over a short distance.

● **The U.S.** There are a number of short optical fibre links which have been installed by American Telephone and Telegraph (AT&T), and also General Telephone and Electronics, the second largest telephone company in the U.S. AT&T has said that it will link a number of east coast cities from Boston to Washington with optical fibre by 1984 and is considering a similar one on the west coast.

● **Japan** where nearly 200 houses in Higashi-Okoma, near Osaka, are linked to optical fibre on which they can receive cable television with two-way communication.

But although the potential for optical fibres has been greeted with rather unrestrained enthusiasm, there are still a number of problems.

First there are the physical problems of actually making the fibre—which must have very few impurities and must be of constant diameter. The glass used has to be so pure that the manufacturers worry if water is present in more than a few parts per billion. It is claimed that a five-mile-thick block made of the glass would still be as transparent as an ordinary window pane.

The opto-electronic equipment which rapidly flashes pulses of light through the fibre core also has to be very reliable especially in telecommunications and defence. A laser or light emitting diode must be able to be switched on and off millions of times a second continuously for at least five and more probably 10 or more years.

Most of the cable companies have also had considerable difficulties in putting the fibre into telephone cables which then have to be tugged and twisted through underground ducts but which in the end must leave the fibre inside under no strain.

Fibre optics is one area in which British Telecom, often slated for its very conservative approach to new technologies, has been one of the most progressive administrations in the world in both research and installation of fibre optics in the public telephone network.

The three UK suppliers to British Telecom are General Electric Company's subsidiary Telephone Cables, STC, a subsidiary of ITT, and BICC. Plessey makes the opto-electronics used with BICC's cable, the other two companies do both.

The biggest problem is price. Demand for optical fibres in Britain is at present so low that it would not be possible for even one plant in the UK to operate profitably. BICC, which is building a £11.5m plant with Corning to manufacture optical fibre in Wales — to be ready in 1983 — says the best economies of scale are achieved at 100,000 km of fibre a year, although initially it is installing capacity for 50,000 km. Dr David Duke, a vice-president at Corning believes a plant producing over 25,000 km can be profitable.

British Telecom is only talking about buying 100,000 km this decade and the orders have to be spread among three companies. That is why the Department of Industry and British Telecom are trying to persuade the German Bundespost — which itself has some ambitious schemes for optical fibre — to purchase its fibre initially from the UK.

But British Telecom may not be on its own. Cable and Wireless, which hopes to be allowed to set up an alternative telecommunications network under the British Telecommunications Act, intends to use optical fibres laid in ducts alongside British Rail's tracks.

British Telecom, which is concerned at the price of the fibre when compared with copper wire, has been encouraging GEC to join BICC and Corning, because it fears that there may be too much capacity in too small units.

STC meanwhile is concentrating on making monomode fibre —see diagram—which it believes will become the eventual dominant system. It is particularly interested in monomode because of its very strong position selling submarine telephone cable systems around the world, where the need for long distances between repeaters is crucially important.

Mr O. S. "Johnny" Johnson, managing director of GEC's Wire and Cables Group, thinks that monomode fibre should become the standard used but adds: "Ultimately we are in competition with foreign companies and the system with the greatest potential is the one which is bought on international markets."

The advantage of monomode fibre is that it will be possible to achieve a distance of 30 kilometres between repeaters. In a densely populated country like Britain it means all the repeaters can be placed inside warm and dry telephone exchanges instead of in the ground exposed to water and gas leaks. It is harder to shine the light pulses down such a narrow core and it makes jointing all the more difficult.

British Telecom's research laboratory at Martlesham has developed a new process for making a lower quality fibre more cheaply than the vapour deposition processes used by most companies. It has been licensed by GEC which is making it at its old London Electric Wire factory in east London. Corning has also approached British Telecom for a licence.

This fibre will be used inside System X exchanges where the distances are short. It also may be utilised when optical fibres are eventually used in the local network and come into houses.

But there are also a multitude of uses beyond telecommunications. Optical fibres can be used in computers and photo copiers. Eventually a single optical fibre may replace almost all the complex wiring system in cars and aeroplanes. A single electrical wire would go round to each component carrying power, and an optical fibre would follow the same route carrying a signal which could instruct any of the components to switch itself on or off.

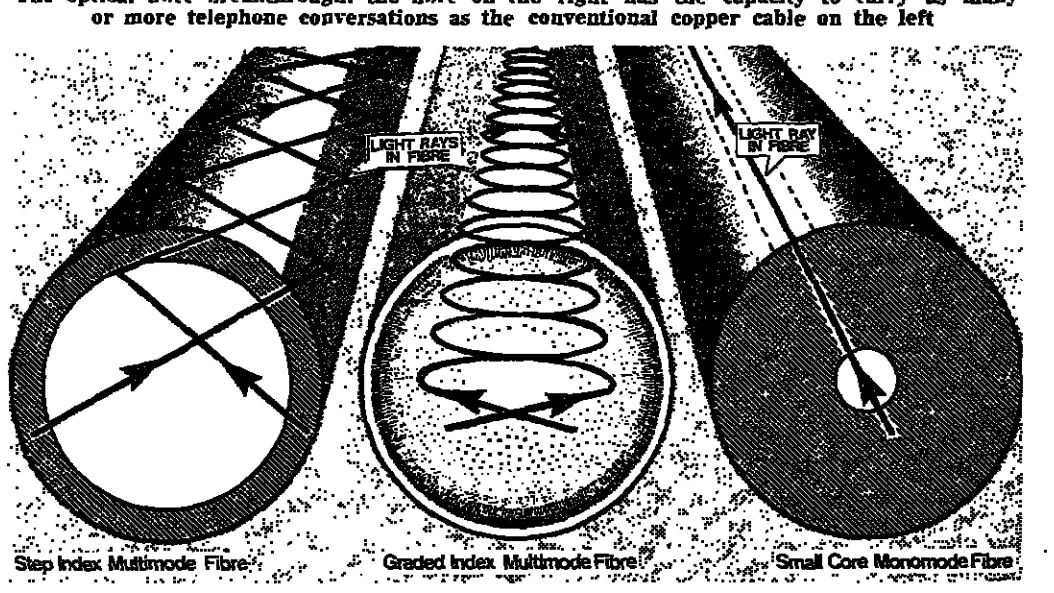
Manufacturers also have great hopes for potential of optical fibre in measurement. Any strain on the fibre changes its optical properties and this can be measured. Because only light is transmitted the fibres are particularly safe in hazardous environments like an oil refinery or coal mine and can be used for measurement, control and communications.

There are also considerable defence applications. As optical fibre does not emit a decipherable signal, it is a particularly secure form of communications in a world of electronics warfare.

The battle for world markets is going to be long and fierce. Companies making fibre optics in the UK will need to work rationally together if they are to stand a chance of holding on to their current position in the vanguard of the new technology.

Roger Taylor

The optical fibre breakthrough: the fibre on the right has the capacity to carry as many or more telephone conversations as the conventional copper cable on the left



THE THREE KINDS OF OPTICAL FIBRE

STEP INDEX FIBRE: light reflected at different angles and travels different distances. Easy to make and connect to, but only can be used for short distance, otherwise light arrives at wrong time

GRADED INDEX FIBRE: light curves through glass of graded refractive index which ensures almost all light travels same distance and arrives at other end at the same time

MONOMODE: one ray of light only passes straight down very narrow core of 5 millionths of a metre. Hardest to make but gives longest distance between repeaters and can take more information

MEN AND MATTERS

Export title holder

The man who gave Britain its biggest single export order—£550m to GEC this year for a power station in Hong Kong—arrived in London at the weekend for a six-week holiday.

Sir Lawrence Kadoorie, a stooped but sprightly octogenarian with an enthusiasm for sports cars, will spend a little of his time here talking to the Garter King of Arms about the title he should adopt as Hong Kong's first peer.

Kadoorie was awarded the peerage in the Birthday Honours and would like the name of the Crown Colony in his title. But that seems to have raised problems of protocol in the College of Arms. Whether it is the delicate issue of Hong Kong's status that is at the heart of the matter cannot be clarified—but Kadoorie would be the last to want to cause any disturbance in that sphere.

Born just before the signing of the 1899 treaty that gave Britain its 99-year lease, Kadoorie's lifelong aim has been to improve the trilateral relations between Britain, China and his homeland. He is anxious that rich Westerners "do not behave as if they owned Hong Kong." It was that kind of attitude in Shanghai, he says, that brought down the "bamboo curtain."

Kadoorie's forebears, Jewish migrants from Baghdad, were prominent in the commercial life of pre-Communist China as well as Hong Kong. And in recent years he has been welcomed on the mainland again. Long and patient negotiations were concluded 18 months ago for his China Light and Power Company, which supplies much of Hong Kong and Kowloon with electricity, to provide China itself with 50 megawatts a day.

Kadoorie is now engaged in talks with Peking about a feasibility study for China's first nuclear power station. If the \$4bn scheme goes through, Britain could expect more orders to follow this year's record-breaker.

French leave

Millions of French families took to the roads at the weekend in a ritual demonstration that for yet another year nobody has managed to do anything about staggering the dates of holidays. However, President Mitterrand's revolution *en rose* has not been entirely without effect, and a surprising number of worried Parisians have reluctantly stayed behind. Fittingly for Europe's newest Socialist state, it is the haut-bourgeois who have had to leave their cars in the garage.

First there are the top executives of the banks, steel and defence companies and five leading industrial conglomerates who have all had leave stopped while the Government decides exactly how they are to be nationalised. Mitterrand has set a September 15 deadline and the only consolation for the managers is that 14 government inspectors will also be kept off the beaches.

A bevy of civil servants, lawyers and accountants have been given a similar period to find a solution to the crisis at Willot, France's biggest textile concern where 20,000 jobs are at stake.

Most miffed of all, I understand, are the 491 members of the National Assembly who are having to stay in Paris deep into August. One Socialist MP said he would disobey party orders and go away anyway. But most seem likely to remain behind while their electors—plumbers, mechanics and (quelle horreur!) restaurateurs—are frolicking in the sun.

Inside track

Since his abrupt departure from the British National Oil Corporation 14 months ago, little has been heard of Alastair Morton, one of the bright young men who made their names under Ronald Grierson at the Industrial Reorganisation Corporation in the late 1960s.

Morton is not one to be out of the limelight for long, however, and having had "a restful 1980" and shaved off his beard, he re-emerges now on the board of Massey Ferguson, the troubled Canadian tractor company.

Though the 43-year-old Morton denies being a Government appointee, it is clear that he has been put there to keep an eye on British interests. British banks and the Export Credits Guarantee Department played a big part in the successful C\$715m refinancing of Massey which was completed last month.

Morton resigned from BNOC because of the appointment of Philip Shelbourne as chairman. The two had found themselves "personally and professionally incompatible" in earlier days with Draymont Securities and the Drayton group. In the period since, Morton has picked up a lucrative string of directorships in the energy field, the latest as chairman of a new City vehicle, Thames Oil and Gas, which is about to be launched to invest in North American oil exploration.

Net weight

A 50 lb salmon? A 12 lb trout?—whoppers even for the usual run of fishermen's tales. But not if Dr Lindsay Laird and his team of scientists at Aberdeen University and the results they expect from their research.

The Science Research Council has given Laird a further grant of £37,000 to continue a project which could revolutionise the fish farming industry. For the Scots team has discovered a cheap and simple method of increasing the size of fish.

It has long been recognised that if fish did not have such an exhausting sex life, they would put on more weight. But sterilising fish by feeding them hormones was distasteful to consumers and is anyway likely to be banned in the EEC.

Laird adapted a method used with mammals and sterilises the fish when young by injecting them with tissue from other fish gonads. They reject the foreign tissue: and their own gonads go with it.

Though more work remains to be done, Laird says results so far make him "extremely confident" that the method will increase yield substantially. A normal salmon, which after four years weighs 4-5 lbs, could be raised in the same period to an "ideal" 12 lbs, he says. "And it may even be possible to produce fish weighing between 30 and 50 lbs if required."

Floral tribute

There is a certain ironic, even poetic, justice about a tax-haven which suddenly finds problems collecting its own taxes. Little sympathy from me, then, for Guernsey's income tax department as it begins a full-scale investigation into tax-dodging—not by the exiles from Britain's still burdensome mainland rates but by the island's sturdily independent natives.

Guernsey tax authority president Roy Le Poidevin complains that official figures for the earnings of the island's flower growers from 1974-79 have been "never less than £1m and, in one instance, £1.9m" higher each year than the figures shown on their tax returns.

Even at the local tax rate of 20p in the £, this represents a loss to the exchequer of some £200,000 a year, he correctly calculates. And, obviously suspecting that the tendency to understatement may be shared by other groups of workers in the island, he has sent out his inspectors.

Finding proof of domestic tax-avoidance may not be easy. As one Guernsey lawyer says, with so many people on the island adept at avoiding tax quite legally, it would be surprising if the locals had not learned a thing or two by now.

Observer

هيكل من الاصل

Anthony McDermott in Cairo examines the position of the Egyptian leader on the eve of his visit to Britain, the U.S. and Austria

Sadat the survivor: respected but not loved

"I MUST respect him but I do not love him." Thus spoke—unprompted—a serving Egyptian soldier not long ago, standing in front of a three-foot bronze-painted head of President Sadat on a yellow plinth twice its size, incongruously placed by the side of the Nile in central Cairo and surrounded by lush rubber plants.

He speaks for many. For although Mr Sadat presents himself as father of this nation of 44m people, the President remains for most people here a distant man. He makes much of his delta village of Mit Abul-kom. But the headlines on radio and in the newspapers are dominated by information about whom he has received or, on Fridays, where he has prayed.

If there is one political comparison which irritates Mr Sadat on the eve of his visit this month to Britain, the U.S. and Austria, it is with the late Shah of Iran, to whom he gave political refuge, and whose widow and self-proclaimed successor live here still. Last month in his party newspaper Mayo he castigated an American television network at length for having made this allusion.

Yet the questions: "Is Sadat's regime like that of the Shah?" or "How long do you give him?" are now being frequently thrown at diplomats and journalists in Cairo—mainly from the outside, rather than from within the country.

It is easy to understand why. But the view of most analysts on the ground—be they diplomats, politicians, bankers and on occasions even wishful-thinking political opponents—is that the comparison with the Shah and his political eclipse is superficial and wrong.

Above everything else, it is Mr Sadat's characteristic of going against the political grain which has often provoked questions about his ability to survive, as for example, when he ejected Soviet military advisers in 1972. More recently, he went against all Pan-Arab trends by visiting Jerusalem in 1977, and through the Camp David accords with Israel, concluding the peace treaty of March 1979. That left him a virtual pariah in the Arab world, with open diplomatic relations only with Sudan, Oman and Somalia.

To his critics, he has made a further miscalculation in offering "facilities" to the U.S. for its Rapid Deployment Force, and by talking admittedly vaguely about Egypt joining Nato. In short, Mr Sadat comes across as a leader in an area who appears to have overcommitted himself to the West against the Arab mainstream. Simultaneously, there is the fear that the West has overcommitted itself to Sadat's Egypt, and that were he to fall as dramatically as the Shah did, western interests would suffer considerably.

Mr Sadat's near-regal style does not help to allay these fears. His daily work load is said to be light. His autobiography, "In Search of Identity," is both philosophically pretentious and a rewrite of history (another volume is on its way). He plays down Nasser's role in the revolution and in the Third World, saying that the founders of non-alignment were only "Tito, Nehru and Egypt."

As far as the rest of the Arab world is concerned, Mr Sadat's single-minded obsession with the return by Israel next April of the last part of occupied Sinai has meant that Mr Menahem Begin has been able to exact a humiliating price. Israel has continued to build settlements on the West Bank, and has annexed East Jerusalem. It has shot down Syrian helicopters over Lebanon and threatened Syrian missiles there. Mr Sadat met Mr Begin only four days before Israel destroyed Iraq's nuclear reactor. Israel has regularly attacked the Palestinians in South Lebanon and bombed Beirut itself. In retaliation, Egypt has used only strong language.

But modern Egypt has veered between Pan-Arabism and "Egypt-firstism." Nasser favoured the former course, while Sadat has swung completely over to the other extreme. Except from the Moslem Brotherhood and Pan-Arab left-wingers, there is little demand for Sadat to halt all dealings with Israel.

Egyptians, on the whole, are going through a phase of despising other Arabs strongly and refer to them in conversation almost as a race apart. As a result Israel's bombing of Iraq and Lebanon has not created great tension, unlike elsewhere in the Arab world. Mr Sadat's position looks as safe as at any time since he succeeded Nasser on the latter's unexpected death in September 1970.

So, although there may be lessons to be learned from the Shah's fall, the differences between the two regimes are considerable:

1—Although the "open door" economic policy has encouraged conspicuous spending by some and corruption, wealth in Cairo has not been flaunted in the way that it was in Iran immediately after the oil price rises of 1973-74.

There has been social dislocation caused by the rural exodus to the cities but not on the scale that led to a revolt in Iran. Furthermore, Mr Sadat is more capable than the Shah was of changing his tactics.

President Sadat: income growth is slowing

2—Mr Sadat has never tried, in the manner of the Shah, to downgrade religion. Indeed, Mr Sadat with his Zabiba—the mark on his forehead from pressing it to the prayer mat—and the publicity given when he attends prayers would never need to protest as the Shah did in the crumbling summer of 1978 that he was a good Moslem.

3—Mr Sadat has tried to experiment with a form of democracy, albeit in a flawed way, so that there are outlets for expression even if there are definite restrictions on extreme left- or right-wing views and on criticism of Sadat and the peace treaty with Israel.

In one area—the press—there is considerable variety. But all newspapers are supposed to observe the basic ground rules about which topics can be criticised. The problem is that neither Mr Sadat whose NDP holds all but 20 or so of the seats in the People's Assembly, nor the Opposition SLP have worked out what these rules should be.

The SLP argues that because the President is so closely involved in his party any criticism is inevitably taken personally. They have a point. Mr Sadat has a tendency to link the SLP with the Communists as he did when he labelled them as being behind the riots between Copts and Moslems in North-East Cairo in June.

When he wants to, Mr Sadat can quell opposition quite directly. Syndicates of engineers, journalists and, recently, lawyers, have shown a measure of criticism by electing governing boards whose membership has been in part antipathetic to the President. In an interview with Mayo, Mr Sadat described the three syndicates as "troublemakers." He boasted of having this year succeeded in getting the members of the ruling bodies of the first two changed to his satisfaction.

The lawyers have been more difficult. In June they staged an hour-long strike in Egypt's courts to protest at harassment. The reason for Mr Sadat's ire is that their board has been critical of the peace treaty with Israel. Mr Sadat suggested that the board was no longer representative and asked the People's Assembly to investigate the Bar Association's activities. The Assembly set up a temporary board of 30 members to prepare the way for new elections for the lawyers' ruling body, with, it is assumed, more desirable results.

4—Because of his position as Al-Rais (The Leader), Mr Sadat has a peculiarly Egyptian authority which is unique in the Middle East. Had any other ruler—king or president—wanted to take the equivalent of Mr Sadat's momentous decision to visit Jerusalem in 1977, an elaborate and protracted process of domestic political discussion would have had to come first.

Mr Sadat has twice been elected President for six-year terms (in October 1970 and 1976). In May last year in a referendum he obtained 98.96 per cent support for a constitutional package which included the abolition of the restriction on a president serving more than two terms. This, in effect, opens the way for him to be president for life.

But to suggest that Mr Sadat rules a supremely happy land would be misleading. His quarrels with the lawyers suggest that he may be losing his domestic political touch, because in fact there was no need to take them on. The riots between Copts and Moslems in the slum area of Al-Zawiya Al-Hamra in Cairo in June, which left 14 people dead and more than 50 injured according to official figures, show that not all Egyptians are satisfied with the way the country is being run.

If there is a potential crack in the political edifice of Sadat's Egypt it must be the economy. At present the money—mainly from oil, workers' remittances, the Suez Canal and tourism—is flowing in. In 1980-81 total foreign exchange earnings were $11.4bn with aid of $2.2bn. The balance of payments surplus was $500m.

But this inflow may now have reached a plateau. The world oil glut has forced Egypt to drop its prices from $40.5 a barrel to $33 since July 1. Thus, although income, currently estimated at $3.2bn is up on last year's $2.8bn, the rate of increase is down drastically and severely eroded by a 10 per cent rise in domestic consumption over the year. There is no reason too why workers' remittances, worth about $3bn this year, should continue their dramatic increases of recent years. Meanwhile, food imports have been rising in both value and volume by 50 per cent last year, and overall imports in 1980-81 were worth $13.7bn.

But the windfall of the last few years has been used more to finance the heavily subsidised food imports and internal services rather than being directed to investment and production. The reason for this is Mr Sadat's fear that high food prices could cause riots on the scale of 1977. But to preserve political peace and his hold on office the President is largely ignoring the advice of the IMF and World Bank to restructure the economy.

Last autumn there was a clear example of how economic mismanagement could cause problems which, if mishandled, could have endangered the Government. Sugar prices were raised without warning and almost immediately there were disturbances in all the main urban centres. In Cairo a couple of co-operative stores and warehouses were burned down. The Government quickly rescinded the price rises and calm returned.

If income growth is slowing, then the Government will have even less leeway for dealing with the problems that worry people most today—inflation running at 30 per cent, unemployment and under-employment, and housing already more than 1m units shorts, with the population increasing by 100,000 a month.

If these elements get out of hand and the seemingly endless patience of the Egyptians runs out, Mr Sadat could be in trouble. Meanwhile, he looks more than able to get by—even without commanding popular affection.

Letters to the Editor

Unfair rate demands

From Mr John Heddle, MP

Sir,—As more local authorities declare their intention to imitate the pernicious behaviour of councils like the West Midlands County Council and the Greater London Council, and declare their intention to levy supplementary rates in the autumn, the more the public are becoming aware of the helpless position of the industrial and commercial ratepayer.

Despite the fact that pernicious rate demands can cripple his business, he has no voice, no vote, no say, no sanction how his Council spends his money. Thus the position of the commercial and industrial ratepayer is anomalous in a democratic society which believes in "no taxation without representation."

A range of options for relief should be considered. For example, there might be a ceiling above which no local authority, however hard pressed, could levy rates on the commercial and industrial occupier—a rather inelegant course perhaps, but one which at least would prevent large space users being mulcted for expenditure on policies over which they have no control.

Second, the ability of Councils to impose rates on empty business premises could be reviewed. The Government last year reduced the upper limit from 100 per cent to 50 per cent but there are overwhelming arguments for scrapping this harsh levy completely. A measure introduced to deal with the aberrations of a philosophy which could happily leave Centre Point unoccupied through a boom is totally out of step with the cold realities of recession. Buildings left empty by prosperity's ebbing tide are a liability to their owners and the local authorities provide them with no service. On what grounds, therefore, can they logically be rated?

A remission of rates, on the other hand, would prevent demolition of potentially serviceable buildings, an action which in the present climate owners might well consider as a last desperate resort.

A further possibility is "moth-ball" relief for premises only partially occupied or under-used during the recession—that part of the building laid up maintained in good order against the day when business improved, could be excluded from rates.

And why should business ratepayers not have the option, as the domestic sector does, of paying rates by instalments? Commerce, as well as Councils, do have pressing cash flow problems.

Possibly more radical—but surely not out of tune with the needs of the time—is complete industrial de-rating. This would no doubt raise a political hurricane centred on the fact that agriculture, de-rated in the slump of the 1920s has clung to its privileged status. Industry, though given partial relief in the past, has never been granted the same dispensation.

Time is running short if rating, particularly as practised by the more feckless local authorities, is not to erode both the confidence and the patience of the country's business community. It must not be forgotten that rents under modern leases are generally reviewed every five years, while rates and service charges are considered annually.

Until recently, it was mainly rents that coloured the judgement of management—now it is total cost of occupancy which is rising alarmingly—that tip the balance.

Local politicians concerned with the long-term prosperity of their electorate as opposed to the expedients needed to grasp power, ignore this knife-edge at their peril.

John Heddle.
House of Commons, SW1

Noise in factories

From Mr R. F. Eberlie

Sir,—They say that statistics can prove anything, but your readers will surely have seen through the attempt of Mr Connell (July 27) to suggest that British industry can afford the cost of current extreme proposals for reducing noise in factories.

Employers well understand that excessive noise impairs hearing and are concerned to take such steps as are practicable to protect their employees but relating our estimation of possible costs to the gross national product is meaningless. It has to be related to the money business is earning; that position regrettably is rather different. This year after deducting interest and tax, real profits for industrial and commercial companies as a whole (excluding North Sea activities) are negative—the money just is not there. Imposing further costs on business will inevitably cause more factories to close down; and if Mr Connell wants to see more unemployment, the CBI does not.

Let me take this opportunity to correct two further misleading statements in Mr Connell's letter. The extreme proposals which the CBI believes to be so prohibitively costly primarily emanate from the European Communities and not the Health and Safety Commission where the CBI is represented and has the opportunity to influence the proposals shortly to be published.

Meanwhile, there is no conclusive scientific evidence to support the statement that excessive noise causes illness, reduces productivity or increases absenteeism. On the other hand "Music While You Work" is generally considered to have affected production favourably. Noise is not always bad.

R. F. Eberlie,
Head of Safety and Health Department,
Social Affairs Directorate,
Confederation of British Industry.
Centre Point, WC1.

Settlement in Namibia

From Professor John Hutchinson

Sir,—The Western Contact Group on Namibia have just met in Paris. There is a means to settlement available—unimpeachably constitutional, liberating and unifying, preserving a role for the United Nations and the African states as well as the Western Five.

President Reagan should appoint a personal envoy to Namibia to assess Namibia's development needs, encourage encounters between the internal parties and SWAPO and the front-line states, and prepare a constitutional proposal.

There should be a Namibian Constitutional Guard, of international composition, to preserve the political institutions and processes of Namibia for 10 years. The Guard would act under the orders of a Constitutional Council composed of the U.S., the UK and the Republic of South Africa, and chaired by the American representative with a casting vote in the event of an abstention.

With the constitutional future of Namibia thus protected, the envoy should seek agreement with Angola for a government of national reconciliation with Savimbi's UNITRA, to be followed by Western recognition and aid.

With Angola united and its border both pacified and protected, the envoy would after full consultations call a constitutional conference on Namibia, and proceed with those who attended and stayed the distance to the adoption of a constitution and the formation of a coalition government. The United Nations would then supervise the independence election, which in the nature of things would be a celebratory referendum.

It is not hard to find support, both inside and outside Namibia, for such a regional bargain. What principles of justice and self-determination would not be advanced? What are the obstacles, save those of ritual and revenge?

John Hutchinson.
33 Millbank Court,
24 John Islip Street,
SW1.

Slaughter of whales

From Mr Mark Glover.

Sir,—The editorial comments relating to the arguments surrounding the slaughter of whales (July 27) cannot be allowed to pass without comment. The differences between the killing of a cow in a slaughterhouse and that of a whale at sea should not be dismissed as "purely one of scale." The former is tightly regulated and has to conform to humane standards whereas whaling is carried out away from the public eye and is cruel to an extent that it simply would not be tolerated should it take place on land.

The death of a whale at the hands of a whaler is a very prolonged event, taking, usually many minutes and sometimes hours. Simply compare it to harpooning an elephant from a landrover and allowing the animal to drag the vehicle around until it becomes exhausted and dies from internal injury. To suggest that because "whales die eventually" excuses this inhumane behaviour is ludicrous. The example cited of whales dying from shark attacks, disease (there are relatively few whale diseases) and beaching are all comparatively rare. As for growing old then I am afraid that we are all prone to that and if the fatalistic attitude shown was used as an excuse more widely then there would be little hope for the future at all.

Greenpeace is an environmental organisation that has been campaigning for many years, and will continue to do so, to stop whaling. We applaud the progress that was made at this year's International Whaling Commission meeting and abhor the continuing slaughter of the world's whales by the small handful of nations involved.

Mark Glover,
Wildlife Campaigner,
Greenpeace,
36, Graham Street, N.1.

Advice on pensions

From Mr Martin Paterson

Sir,—In your article (July 25) about the battle over retirement rights for job changers, you give extensive coverage to the views of "pension consultants and pension scheme administrators" on whose advice and direction, as you say, "employers rely very heavily."

It is of course necessary for employers to look outside for technical advice, information on current practice, and likely financial consequences of decisions. At that point, however, employers should be left to make their own judgments and be encouraged to do so.

Mr Patrick Jenkin rightly addressed his remarks to employers and not to the "pensions industry." It is important for consultants to realise that they are only advisers and that they should not attempt to make employment policy for the firms for whom they act.

Martin Paterson,
Chairman.
Martin Paterson Associates,
10, Buckingham Place, SW1.

Registration of brokers

From Mr F. W. Bush

Sir,—As a practising accountant I have been involved with my insurance broking clients in the registration procedures necessary under the Insurance Brokers Registration Act. These procedures have necessitated certain revisions in accountancy systems to ensure that the published accounts give the necessary information and naturally has involved the clients in extra costs in order to register.

However, as one travels the London suburbs it is most noticeable that there are now many shop facias advertising "Insurance Consultants" and one presumes that the proprietors have decided not to register or are unable to register as Insurance Brokers under the Act, and therefore will not be required to meet the necessary accounting requirements.

How will a member of the public choose between an Insurance Broker or Insurance Consultant in the same High Street? If there is no apparent difference, what is the commercial advantage in registering as an Insurance Broker? Have I missed some publicity?

F. W. Bush.
Blanche and Co.,
Thames House,
Wellington Street, SE18

Today's Events

GENERAL

UK: President Anwar Sadat of Egypt in London for talks with Mrs Margaret Thatcher and Lord Carrington, Foreign Secretary, before his first summit meeting on Wednesday with U.S. President Ronald Reagan in Washington.

British Rail and unions meet on pay.

Ambulance unions meet on pay.

Community groups attend police-organised seminar on riots, Liverpool University.

London potato futures market starts trading options.

National Eisteddford of Wales begins, Machynlleth, Powys.

Resumption of work by civil service following ending of five-month campaign of strikes.

Overseas: U.S. and Soviet Union meet to discuss possible new grain agreement, Vienna.

United Nations Law of the Sea Conference reconvenes in Geneva to complete work on convention governing exploitation of oceans.

COMPANY RESULTS

Final dividends: Hillards. NMC Investments. Owen and Robinson. Alfred Preedy and Sons. Regional Properties. **Interim dividends:** Aquis Securities. Standard Telephone and Cables.

COMPANY MEETINGS

See Week's Financial Diary on Page 17.

CITY OF LONDON LUNCHTIME MUSIC

United States Collegiate Wind Band, Paternoster Square, EC4, 12.30 pm.

St. Lawrence Jewry-next-Guildhall, Gresham Street, EC2. Mark Troop, piano recital, 1 pm.

St. Michael, Cornhill, EC3. Monika Henking, organ recital, 1 pm.

St. Martin, Ludgate Hill, EC4. Simon Lole, organ recital, 1.15 pm.

Ian Rodger looks at the recovery plan for Pentos.

The price of survival

Pentos is coming back, slowly. That is the message from a chastened Mr Terry Maher, chairman of the once fast-growing mini conglomerate that shocked investors by plunging deep into losses last year.

The shares have fallen from a 1978 peak of 113p to a low this year of 17p and still languish at 20p where the market capitalisation is £11.25m.

The company seemed to take a long time in responding to its difficulties, and some analysts began to wonder if it could work down the heavy £15m debt load, 105 per cent of shareholders' funds, built up by the end of last year.

But suddenly **Pentos** began to sell off businesses. So far this year, it has concluded deals that will raise £3m, including the £0.5m sale of Ward Lock Educational and the £0.6m disposal of its religious publishing operation. Last week it arranged to hive off 60 per cent of its successful Jeavons Engineering subsidiary for £1.95m.

Mr Maher now talks of his "single minded determination" to get the balance-sheet right before undertaking anything else, and that means 25 per cent of shareholders' funds rather than the 40 to 50 per cent on which the group liked to ride in the past.

"The world is much more uncertain than it was, all markets are more volatile. It is difficult to be confident about the medium term," he states.

He has also put aside any thoughts of an early foreign expansion or of further diversification within the UK. "We have lots of opportunities in our existing businesses."

Pentos is not the first high flyer to be brought down to earth and it certainly will not be the last, but its decline was unusually sharp and was preceded by very few warning signs.

From 1972, when Mr Maher bought a shell company, to get started, profits grew quickly every year until 1978 when they reached nearly £4m before tax. They then fell slightly in 1979 to £3.8m as the group found that its latest acquisition, furniture manufacturer Caplan Profile, was worth less than warranted by the vendors.

But there was no hint that the group would tumble into a £2.2m loss last year. On the day the figures were published in March, the shares lost a third of their value.

"There is no simple explanation," Mr Maher says. He concedes the company should have sold off some of its publishing businesses earlier because that industry had been suffering from overcapacity since 1978. Also, the group got caught opening new book stores last year just as public spending cuts began to hit educational and library budgets.

Debt jumped just as interest rates hit record levels

Bookselling and publishing trading profits dropped from £959,000 in 1979 to a loss of £312,000 last year. The 1979 result was also well down on the previous year, partly because of weakness in publishing but also because the group expanded bookselling in Ireland just as the value of the punt fell against sterling.

Meanwhile, the problems with the Caplan acquisition were absorbing a lot of management time. So far, Pentos has been repaid £750,000 of the £7m acquisition cost and £400,000 from the auditors, Neville Russell, in connection with a limited review.

Irregularities had been discovered in the accounts and the 1979 profit forecast of Caplan, and last year a £0.5m rationalisation was necessary. Mr Maher is now confident that the furniture division will grow satisfactorily but the unexpected shortfall in profits and overstatement of assets contributed to the group's building liquidity squeeze.

Pentos borrowing jumped from £5.2m in 1978 to £11.2m in 1979, just as interest rates reached record levels. By mid-1980, the group was paying an average 19 per cent on its borrowings.

"We never expected interest rates would remain high as long as they have," Mr Maher says.

Pentos hung on as long as it could, hoping that the traditionally strong Christmas sales in the bookshops would help out. In the event, "they exceeded our worst expectations by sizeable margins" and the group ended up with another £2m of stocks more than it had expected.

As a result of the disposals and the gradual rundown of stocks, Mr Maher believes borrowings will be under £10m by the end of the year.

He is also looking for further improvement next year as more investments considered peripheral are sold. The Metalair subsidiary, which makes and fits dry bulk carriers, has been for sale since it was acquired last year as part of English and Overseas Investments. Further reductions in working capital in publishing and construction are planned.

That will leave bookselling, gardening and office furniture, the three divisions that still can fulfil Mr Maher's objectives—

But there is nothing to look for this year. Mr Maher said at the annual general meeting in June that there would be only a small profit.

Midway dip at Trust Securities

Pre-tax profits of property developer **Trust Securities Holdings** slipped by £3,000 to £430,000 in the six months to May 31 1981 on turnover £1.89m ahead at £4.54m.

Earnings per 40p share are stated at 25.9p (26p). The company's first interim dividend has been declared at 2.875p net per share. There was no tax charge for the half year.

The directors say that with regard to the current development programme, all the group's schemes are proceeding on schedule.

Negotiations have been concluded for the purchase of additional land at the group's Seathrow Airport development site. This will enable the group to improve the envisaged substantial development of high-class commercial buildings in a landscaped park. Discussions with the London borough of Hillingdon are proceeding satisfactorily.

It is anticipated that the group will be submitting an outline planning application for the overall project in the next few weeks, when a further announcement will be made.

The group is actively pursuing its policy of acquiring developments of an institutional nature, together with creating good quality investment income, and looks forward to announcing shortly the purchase of a number of new schemes.

FT SHARE INFORMATION

The following securities have been added to the Share Information Service:

Bonusbond (Section: Trusts, Finance, Land). **Explaura Gold** (Mines—Miscellaneous). **KCA Drilling** (Oil and Gas). **Murray Technology Investments** (Electricals).

Ofrex chief says take no action

MR GEORGE DREXLER, the chairman and founder of **Ofrex Group**, the office equipment manufacturer, has written to shareholders asking them to take no action for the moment.

In his letter, Mr Drexler explains that two offers at the same price of 160p cash per share had been made for the company. One of the offers from the company's first suitor Dennison Manufacturing, a major U.S. manufacturer of stationery products, had been recommended by the Board.

However, Mr Drexler now says: "It is not at present clear what further developments may arise. Your directors will advise you in good time before you need to reach a decision. In the meantime you are advised to take no action."

After Dennison Manufacturing's original offer of 130p per share Gallaher, the tobacco group, launched its bid for the company at 160 per share. Mr Joseph Watson, Gallaher finance director, said at the time he thought 160p was a fair price and one which the group had hoped would "terminate the situation."

However, at the end of last week Dennison responded by matching this offer. Dennison has purchased 24.3 per cent of Ofrex through the market since its original bid as well as securing irrevocable undertakings to accept its 130p offer from holders of a further 15.6 per cent of the shares including those of the chairman himself.

Ramus coming to USM by placing

Ramus Holdings, a distributor of ceramic tiles, is coming to the Stock Exchange's Unlisted Securities Market by way of a placing of 25 per cent of the 4.3m shares this week.

The price is expected to be about 100p, which would value the company at £4.3m and reflect a multiple of about 13 times fuly taxed profit in the year to June 1981. This is slightly higher than the 12.5 rating given another tile distributor, United Ceramic Distributors, when it came to the USM in June.

Ramus profits have grown from £215,000 before tax in 1976-77 to £692,000 last year. Turnover has grown from £4.9m in 1977 to £13m last year. More than three-quarters of the group's turnover comes from ceramic tiles and the remainder from self-assembly kitchen and bedroom furniture and vinyl flooring.

Shareholders' funds are about £3m and borrowings £1.2m. The net proceeds of the placing are going to members of the Ramus family who are selling the shares. Although borrowings are relatively high, the company is said not to need money because of its rapid stock turn.

The placing is being made by Barclays Merchant Bank and brokers are Grieveson Grant.

Pitman dives £0.94m into the red for year

HEAVY INTEREST charges coupled with exchange losses have led to **Pitman**, the unlisted printing and publishing group, making a pre-tax loss of £936,000 for the year to March 31 1981 compared with a profit of £799,000 previously. Turnover, however, improved from £27.03m to £29.1m.

At halftime, the company reported a deficit before tax of £293,000 (£616,000 profit) and warned that a loss for the full year was inevitable.

The company says the volume of redundancies has been exceedingly costly resulting in charges of £835,000 shown under extraordinary items. But Pitman adds that as a result, the business has become a good deal better streamlined, which should make future business more profitable.

However, a reduction in net assets has not been met by a corresponding decline in bank borrowings. The company says the banks have been accommodating, but concern about cash flow has increased the pressure for performance to budgets.

Interest payments for the year increased from £1.24m to £1.73m. Tax took £183,000 (£803,000) and after extraordinary debits of £731,000 (£604,000 credits), the attributable loss was £1.86m, against a £554,000 profit. The dividend absorbs £64,000 (£160,000).

Jonas Woodhead still in loss

IN THE current year, turnover of **Jonas Woodhead and Sons** for the first quarter to June 30 was 25 per cent less than for the same period of 1980, and the company was still in a loss situation, Mr Ernest Simpson, the chairman, told the annual meeting.

However, trading loss for the first quarter of this year was markedly less than for the fourth quarter last year and the loss for June was significantly lower than in any month since last autumn. First quarter turnover was fractionally higher than last year's final three months.

"We can almost safely deduce that turnover has now levelled out and that we are some way towards reversing the loss pattern," the chairman said.

Benefits were working through but there would inevitably be a loss situation to report for the first half-year, while the company's objective for the second six months was to cancel out these losses.

For the year ended March 31 1981 this vehicle suspension specialist made a pre-tax loss of £3.3m (£4.7m profit) of which £0.61m (£1.85m profit) came in the first half.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim:—Aquis Securities.

Finals:—Hillards, N. M. C. Investments, Owen and Robinson, Alfred Preedy, Regional Properties.

FUTURE DATES

Interims:—

Ault and Wiborg	Aug 5
Avshire Metal Products	Sept 8
Baynes (Charles)	Aug 17
Britannic Assurance	Aug 12
Carrington Viyella	Aug 13
First Scottish American Trust	Aug 18
Highcroft Investment Trust	Sept 10
Horizon Travel	Aug 17
Queens Moat Houses	Aug 25
Vogelstruisbult Metal	Aug 17

Finals:—

Centreway Trust	Aug 4
G T Japan Investment Trust	Sept 14
Garford-Lilley Industries	Aug 5
Gold Fields Property	Aug 17
Gold Fields of South Africa	Aug 18
Hales Properties	Aug 5
Hallite	Aug 5
Murray Glendevon Invest Tst	Sept 14
New Witwatersrand Gold Expl.	Aug 17
Phoenix Timber	Aug 7
Property Security Invest. Tst.	Aug 10
Sterling Credit	Aug 4

SPAIN

1981 High	Low		July 31 Price %
349	251	Banco Bilbao	349
378	280	Banco Central	378
380	229	Banco Exterior	380
321	239	Banco Hispano	321
128	120	Banco Ind. Cat	120
410	284	Banco Santander	410
228	145	Banco Urquijo	228
377	263	Banco Vizcaya	374
252	204	Banco Zaragoza	246
212	82	Dragados	206
86	45	Espanola Zinc	77
69.5	55.5	Fecsa	69.5
54	22	Gal. Preciados	50
77	63.5	Hidrola	76.2
62.5	52	Iberduero	56.5
128	70	Petroleos	123.7
96	70	Petroliber	89
102	59	Sogefisa	59
78.7	60	Telefonica	77.2
74.7	60	Union Elect.	74.7

THE TRING HALL INDEX

121.8 (−0.3)

at close of business 31.7.81

BASE DATE 10.11.80 100

Tel:01-248 5675

CORAL INDEX

Close 525-530 (+1)

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB   Telephone 01-621 1212

£000's capitalisation	Company	Price	Change on week	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
1,094	ABI Hldgs. 10pc CULS	110	—	10.0	9.1	—	—
3,821	Airsprung	66	—	4.7	7.1	10.5	14.5
1,125	Armitage and Rhodes	45	—	1.4	3.1	18.5	42.9
12,098	Bardon Hill	198	—	9.7	4.9	9.6	11.7
7,847	Deborah Services	102	—	5.5	5.4	5.0	9.5
3,749	Frank Horsell	100	+1	6.4	6.4	9.0	21.7
9,390	Frederick Parker	65	—	1.7	2.6	28.3	—
1,181	George Blair	64	—	3.1	4.8	—	—
2,758	Jackson Group	109	—	7.0	6.4	3.4	7.7
17,804	James Burrough	129	—	8.7	6.7	9.4	11.8
3,101	Robert Jenkins	304	+4	31.3	10.3	4.2	10.7
2,880	Scruttons "A"	58	—	5.3	9.1	8.9	8.3
2,938	Torday	191	−1	15.1	7.9	7.3	12.6
3,098	Twinlock Ord.	14½	−0½	—	—	—	—
2,102	Twinlock 15pc ULS	77	−1	15.0	19.5	—	—
5,798	Unilock Holdings	38	—	3.0	7.9	5.8	9.3
12,400	Walter Alexander	98	−1	5.7	5.8	5.4	8.8
5,694	W. S. Yeates	244	—	13.1	5.4	4.6	9.4

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

BY FRANCIS GHILES

A boost for market morale

THE MORALE of many participants in the international bond markets was boosted last week by further signs of a downturn in the U.S. economy. Federal Funds also declined quite sharply, though this was not reflected in Eurodollar rates, which remained steady.

The level of activity in the fixed-interest dollar bond sector was reasonable for this time of the year. Overall prices were little changed but the success of the 16 per cent bond to 1988 for Pacific Gas and Electricity, which was increased by $15m to $75m before being priced at 99, underlined the fact that investors, when offered good-quality paper and a realistic yield, were prepared to commit new money to the market.

But is was the $100m bond to 1984 for Citicorp which attracted most interest. The bonds bear no interest but were priced at 66½ to yield 14.42 per cent. Each $1,000 nominal of the issue will have two warrants attached allowing holders to purchase within 12 months a further $2,000 of a seven-year series of zero coupon bonds, priced to yield 14¼ per cent.

Purchasers of the bonds may choose to sell their warrants at a price which the lead manager initially estimated between 1.5 and 1.75 per cent. By Friday the warrants, which were attracting more support than the bonds proper, were quoted at $16¼, an indication of how popular they were. Despite this success, some fund managers are concerned by certain features of the issue. Previous zero coupon bond experiences suggest that such paper is traded by very few dealers indeed. Questions are also being asked concerning the liquidity of the warrants, the total number of which is only 2m. The total capitalisation of the warrants is about $3m.

There is much speculation in the market about the exact nature of the buyers. In particular the idea that Muslim investors might be attracted to such paper because of Islamic usury laws appears to be unfounded.

One convertible bond, for Nitto Electric was announced and another, for Kawasaki Steel is widely expected to be announced later today.

Despite the relative lack of new issues, the dollar sector of the international bond market remains by far the largest vehicle for new borrowing this year. Dollar issues account for 84.9 per cent of the $12.9bn worth of new international bonds issued so far this year, according to the latest figures released by Morgan Guaranty. This percentage marks a 20 per cent increase over the same period last year.

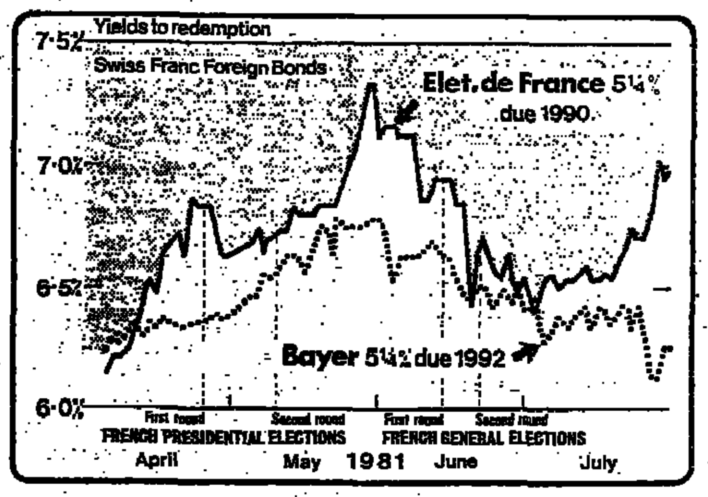
D-Mark denominated foreign bonds only account for 3.3 per cent of all new issuing activity in the international bond markets so far this year, a dramatic fall from the figure of 23.9 per cent for the same period in 1980. No new foreign D-Mark bond was announced last week but an issue for a European supranational name may be announced this week.

The launching of the latest domestic bond in Germany, for the Federal Railways, failed to stir much investor enthusiasm despite the fact that it boasts a record post-war coupon of 10¼ per cent for ten years. Trading activity in the foreign sector remains confined to issues which offer the highest yield.

However, foreign buyers are more attracted, if and when they buy D-Mark denominated paper, to domestic issues where they can easily pick up yields 25-35 basis points higher than in the foreign bond sector.

A small flow of Swiss Franc foreign bonds continues to reach the new issue market but trading remains subdued. The very lukewarm reception afforded to the latest French issue, for Compagnie Francaise des Petroles, has led the French Treasury to ask that both public and private French companies restricted their new issue activity in this sector, at least for the time being.

The resistance to French paper, following the elections last June, is also underlined by the growing yield differential between French and other top quality names in the secondary bond market (see chart). This setback is not of great importance to France at present as the Ministry of Finance has completed three-quarters of the French state sector borrowing programme abroad for 1981.



CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life Years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡††Sumitomo Fin. Asia	30	1988	7	5½○	100	CSFB, Sumitomo Fin. Intnl.	5.576○
‡Pacific Gas & Elec. Fin. NV	75	1988	7	16	99	CSFB	16.249
Public Service Co. New Hampshire	30	1986	5	17	*	Blyth Eastman Paine Webber, Kidder Peabody	*
Citicorp O/S Fin. Corp. NV	100	1984	3	0	66½	Morgan Guaranty	14.421
§Nitto Electric	40	1996	15	5¾	100	Nomura Intnl.	5.750
§Kawasaki Steel	100	1996	15	5¾	100	Nomura Intnl.	5.750
†Empresa la Moderna	20	1988	7	8○	100	Morgan Guaranty, Chase Manhattan	8.160○
SWISS FRANCS							
‡**Bayernwerk	25	1985	—	7½	100	Credit Suisse	7,500
‡**§Denki Kagaku Kogyo	60	1986	—	4¾	100	Paribas (Suisse)	4.750
Hydro-Quebec	100	1991	—	7½	*	Credit Suisse	*
YEN							
‡Asian Development Bank	20bn	1996	12.3	8.5	99.90	Yamaichi Securities	8.693

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ○ Minimum. § Convertible. ¶ Postponed. †† Registered with U.S. Securities and Exchange Commission.
Note: Yields are calculated on AIBD basis.

U.S. BONDS

BY PAUL BETTS

Fears on Treasury needs

THE CAPITAL markets were unmoved last week by a combination of factors which would normally have been greeted with some jubliation. For five consecutive sessions, Fed funds have traded at a *daily average of 18 per cent or* lower compared to 20 per cent barely a week earlier. For the second week running the money supply figures were encouraging. And on Capitol Hill, President Reagan won a resounding victory for his *economic programme with the* house voting in favour of his three-year 25 per cent tax cut package.

But the markets have been far too worried by the U.S. Treasury's huge borrowing demands to get excited by all this good news. The treasury now estimates that its borrowing requirements for the rest of this year should total $42bn, which is more than the market had anticipated. This week the bond market will have to digest a new Treasury issue a day. Today, the Treasury will hold its usual $8.6bn bill auction. Tomorrow, it will sell $4.25bn of 3¼ year notes. On Wednesday, there will be $2.25bn of 9¾ notes. On Thursday, it will be the turn of $2bn in 29¾ year bonds. And last but by no means least, there are $4.5bn of 1-year bills on Friday.

In this sort of climate, medium-term and long-term Government bond yields reached close to record yields. A new Bell issue of 40-year debentures was also offered at a yield of 16.26 per cent, a new record, for a triple A-rated telephone issue.

There are also beginning to be growing fears of a possible *credit crunch later this year.* Coupled with the Treasury's heavy borrowing requirements, private credit demands have remained persistently strong with companies turning to short-term borrowing to finance their current needs.

According to Chase Manhattan Bank money market economists: "Later in the year the market is clearly concerned that both the Treasury's strong borrowing need and corporations' external financing requirements will collide with a tight federal reserve policy."

Moreover, President Reagan's tax package has rekindled familiar fears in the bond market. The tax cuts, which would be effective from October, could further stimulate Treasury borrowing at the same time as maintaining strong business credit demand. Indeed, Mr Beryl Sprinkel, the under-secretary for monetary affairs, indicated this week that the Treasury's borrowing requirement for the rest of the year would probably increase further because of the combination of tax cuts and the sluggishness of the economy.

Whether the market will be able to absorb this week the Treasury's latest refunding operation will, according to Mr Henry Kaufman, the Salomon Brothers' economist, largely depend on the course Fed funds take during the week.

"As the Treasury's refunding operation unfolds, the market's *dilemma will be resolved primarily* if the Fed funds rate continues to decline. Otherwise the bond market will have to renew its search for a workable trading range," he says.

The Fed funds daily trading average of 18 per cent or less *is the lowest since April,* reflecting in large measure the abundant supply of reserves in the system. Indeed, in the past four weeks the central bank has intervened actively in the market supplying reserves to the system on as many as 20 *different occasions.* But this intervention has largely been the result of seasonal factors and have in no way indicated any possible change in Fed policy. Indeed, the Fed has made it perfectly plain it intends to stick to its tight *posture vigorously.*

Mr Kaufman also suggests that in the next two weeks the hectic pace of Fed open market intervention should slow down.

U.S. INTEREST RATES (%)

	Week to July 27	Week to July 24
Fed funds wkly avge	17.75	19.94
3-month Treas. bills	14.73	15.06
3-month CD	17.75	18.15
30-year Treas. bond	13.89	13.77
AAA utility	16.38	16.00
AA industrial	15.38	15.13

Source: Salomon Bros.

CREDITS

BY PETER MONTAGNON

Poland seeks clarification of rescheduling

POLISH OFFICIALS are to meet with a small group of Western bankers in Vienna tomorrow to "clarify" proposals for the rescheduling of its commercial debt.

The meeting comes amid signs from Warsaw that the proposals presented to Poland ten days ago may not be as readily acceptable to the Polish government as initial indications suggested.

Poland was to take about two weeks to reply to the proposals under which 95 per cent of debt falling due in the last three quarters of this year would be rescheduled for seven years if *Poland first provided detailed* information on its economy.

The official reply thus falls due this week, but on Friday bankers close to the talks said they doubted whether Poland would use the Vienna meeting as a vehicle for transmitting its formal reactions to the banks.

It is billed purely as a clarification session and will not be attended by all the members of the 21-bank task force which has been spearheading the negotiations.

The banks may, however, come away from the Vienna meeting with a clearer idea of Polish thinking on the debt issue. It already appears likely that some hard bargaining will be needed before final agreement is reached by both sides. Meanwhile bankers fear it would be hard for the 460 institutions owed money by Poland to reach a new consensus on how to handle the problem if Poland demanded major changes in the proposals.

Poland is apparently concerned that the 1¾ per cent margin to be applied to the rescheduled debt, and the fact that the proposed rescheduling is not retroactive to January 1, will stretch its already minimal liquidity even further.

The full impact of the recent spate of U.S. corporate jumbo Eurocredits is demonstrated, meanwhile, by latest statistics from Morgan Guaranty which show that out of the $81.7bn raised in the Eurocredit market in the first seven months of 1981, no less than $37.5bn was in credits to U.S. borrowers.

In July alone the U.S. took $36.1bn out of a total market volume of $43bn and officials at Morgan Guaranty say that the figure excludes some $4bn which was not known about when the total was compiled.

Not all the U.S. credits will actually be drawn, but some bankers now say that the volume of commitments piled up to U.S. corporations may make international banks rather less willing to satisfy the needs of other borrowers for the time being.

At the moment the Eurocredit market is going through a quiet holiday period and the effect of this may not be felt until borrowers return after the end of August. By that time it is also possible that some of the U.S. credits may have been cancelled (in which case Morgan says they would be removed from the statistics).

One new credit that was mandated last week was for ENEL, the Italian electric utility, which is raising C$500m or U.S. 500m through a group of banks led by Bank of Montreal. The margin has been set at ⅜ per cent over the Canadian or U.S. prime rate and the credit is for eight years with five years grace.

Canadian prime now stands at 21¾ per cent and the fact that the currency has recently slipped markedly on the foreign exchange market makes it an expensive one to borrow.

ENEL thus seems to be paying a heavy price for tapping a new source of funds, a price bankers say, that might be regarded as inevitable for Italian borrowers which have recently been slipping in popularity.

Mexico's controversial $1bn credit for the public works agency Banobras will be signed in Paris on August 11 and another Mexican credit, $400m for the electric utility CFE, is being well received having attracted six second tier managers at $15m apiece by Friday morning.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15⅛ 86 (WW)	55	96⅛	96⅝	0	−1⅛	16.30
Amoco 13¼ 88	75	90⅛	90⅝	+0⅛	−0½	15.66
CIBC 14½ 84	185	96⅝	97⅛	0	+0½	15.92
CIBC 15⅜ 86	75	98⅞	99⅛	−0⅛	0	15.53
CNA 15⅞ 96	75	95⅛	95⅝	+2⅞	+0⅛	16.01
CNA 12⅞ 91	100	84⅝	85⅛	0	−0⅜	15.89
Citicorp Int. Fin. 15 86	150	97	97½	0	−1⅛	15.84
Citicorp O/S 15½ 84	175	99⅜	99⅝	+0⅛	−0⅛	15.67
Dupont Canada 13½ 91	65	91	91½	+0⅛	−0½	[illegible]
EEC 14¾ 93	65	94⅛	94⅞	+0⅛	−0⅜	15.74
EIB 12⅞ 89	75	85	85½	0	−0⅛	15.83
Eldorado 13¾ 88	50	91⅞	92⅜	+0⅛	+0⅛	15.78
Elec. de France 13 88	125	88⅜	88⅞	+0⅛	−0⅛	15.81
Export Dv. Con. 9½ 86	150	80⅞	81⅛	+0⅛	+0½	15.73
Fed. Bs. D. 12¼ 85 (N)	50	89	89½	−0⅛	−0⅛	15.83
Fed. Bs. D. 15⅜ 84 (J)	40	98⅛	98⅝	0	−0⅛	15.98
Fin. Exp. Credit 10½ 85	50	83⅞	84⅜	0	−0⅛	16.32
Finland, Rep. of 9½ 86	100	78⅞	79⅜	+0⅛	+0⅞	16.11
Ford Cr. O/S Fin. 16 84	150	99½	100	+0⅛	0	15.98
Ford Cr. O/S Fin. 16 85	150	97	97½	+0⅛	−0⅛	16.98
Gaz de France 13½ 86	80	92⅛	92⅝	+0⅛	−0⅛	15.94
GMAC O/S Fin. 12⅞ 88	100	88⅜	88⅞	+0⅛	+0⅛	15.73
GMAC O/S Fin. 14⅜ 87	100	95⅛	95⅝	+0½	+0⅞	15.99
Gen. Mts. O/S 11⅞ 87	100	85	85½	+0⅛	+0⅛	15.69
Genstar 14½ 91	50	96½	97	+0⅛	0	15.37
GTE Fin. 13⅜ 86 (WW)	50	95⅞	96⅛	0	+0⅛	14.97
Hiram Walker 16 86	50	102½	103	0	+0⅛	15.11
IBM Wld. Trade 12½ 88	200	93⅜	93⅞	+0⅛	+0⅛	14.01
IBM Wld. Trade 14⅜ 84	100	100⅞	101⅜	−0⅛	+0⅛	14.20
Nat. Bk. Canada 15⅜ 84	40	98	98½	0	−0⅛	16.00
Newfoundland 13½ 90	60	89⅝	90⅛	0	−0⅜	15.88
Nova Scotia 15 91	75	95⅞	96⅜	0	+0⅛	15.81
Ontario Hydro 13½ 91	100	90⅞	91⅜	+0⅛	+0⅛	16.31
Queb. Hy. 13 91 (WW)	100	84½	85	0	+0⅛	16.20
Royal Bk. Canada 14 86	100	96⅝	97⅛	0	0	14.91
SNCF 13 91	75	88⅛	88⅝	0	−0⅛	15.36
Sth. California 14 87	50	96⅛	95⅝	0	0	16.21
Sth. California 14¾ 88	50	97⅛	97⅝	+0⅛	+0⅛	15.34
Sven Handlsbk. 13⅞ 88	45	90⅞	91⅜	+0⅛	−0⅛	15.95
Swed. Ex. Credit 13 86	75	89⅜	90⅛	+0⅛	+0⅛	16.29
Swed. Ex. Cred. 15⅜ 86	50	99	99½	+0⅛	+0⅛	15.83
Toronto-Dom. Bk. 14 84	50	95⅝	95⅞	0	0	16.01
Tribune O/S Fin. 14 86	50	92⅞	93⅜	0	−0½	16.15
Wells Fargo Int. 15½ 84	50	100	100½	+0⅛	+0⅛	15.33
World Bank 10⅜ 87	300	90	90½	+0⅛	0	15.60
World Bank 14⅜ 86	500	96⅛	95⅝	+0⅛	+0⅛	15.73

Average price changes... On day +0⅛ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅞	98⅜	−0⅛	+0⅛	10.28
Austria, Rep. of 8⅞ 92	150	87⅞	88⅜	+0⅛	0	10.12
CECA 7½ 92	150	85⅞	86⅜	0	−0⅛	10.00
CECA 10 91	120	99	99½	+0⅛	−0⅛	10.09
CII-Honeywell 8⅜ 90	125	87½	88⅛	+0⅛	0	10.52
Council of Europe 10 91	100	99⅜	99⅞	+0⅛	+0⅛	10.07
EIB 8½ 90	200	88½	89⅛	−0⅛	0	10.43
EIB 10½ 91	200	99⅞	100⅜	+0½	−0⅛	10.44
ESCOM 9¼ 87	100	90⅝	91⅛	−0⅛	−0⅛	11.38
Finland, Rep. of 10 89	100	96⅝	97⅛	+0⅞	+0⅛	10.62
Iberduero SA 9 90	100	90½	91¼	+1⅛	+2	10.82
Ind. Bk. Finland 8½ 90	50	88⅞	89½	+0⅛	−0⅛	10.37
Int.-Am. Dv. Bk. 10 91	100	98⅜	98⅞	+0⅛	0	10.23
Japan Air Lines 8⅜ 87	100	91⅞	92⅜	0	+0⅛	9.82
Japan Dev. Bk. 7⅞ 87	100	88½	89⅛	+0⅛	+0⅛	10.16
Kobe City of 8 90	100	88⅞	89⅜	+0⅛	+0⅛	9.86
Midland Int. Fin. 8½ 90	180	90	90⅜	−0⅛	+0⅛	10.15
Nuclebras 9⅛ 88	100	87⅞	88⅜	−0⅛	−0⅞	12.31
OKB 8¼ 92	150	85⅞	86⅜	−0⅛	−1⅛	10.50
Oslo, City of 8⅜ 90	80	92½	93¼	+0⅛	+0½	10.01
Venezuela R. of 9⅜ 90	150	93⅞	94½	+0⅛	+0⅛	10.77
World Bank 8 90	700	85⅜	85⅞	−0⅛	+0⅛	10.48
World Bank 10 86	150	100⅜	100⅞	+0⅛	+0⅛	9.84

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6⅞ 91	60	94⅞	95	−0⅛	−0½	7.25
BFCE 6⅜ 91	100	93	93½	+0⅛	+0⅛	7.51
Bayer Int. Fin. 5¾ 92	100	92	92⅛	0	+0⅛	6.25
Bergen, City of 6⅞ 91	40	99⅛	99⅝	−0⅛	−0⅛	6.82
Bhrmn.-Tetterode 7 90	40	†98½	99	−0⅛	−0½	7.19
CECA 6⅞ 91	80	97⅛	97⅞	−0⅛	+0⅛	7.07
Denmark 5⅞ 90	80	†87½	88⅛	−0⅛	−0⅛	7.67
Dome Petroleum 5⅞ 91	100	93⅞	94	0	0	6.63
Elet. de France 5¼ 90	100	†88	89	−0⅛	−1⅛	5.99
Eurofima 5⅛ 92	80	†88½	89	0	0	5.90
F. G. H. Hypo. Bk. 6 90	50	91⅛	91⅝	+0⅛	−0⅛	7.35
Finland, Rep. of 6⅛ 90	80	87	87½	+0⅛	+0⅛	7.62
Franc. Petroles 6½ 91	80	93⅛	93⅝	0	−1⅛	7.46
Genstar 7 91	100	102⅝	102⅞	+0⅛	−0⅛	6.60
Int.-Amer. Dv. Bk. 7 91	100	98⅞	99½	−0⅛	+0⅛	7.14
Japan Dev. Bank 5⅞ 90	100	94⅝	94⅞	−0⅛	+0⅛	6.56
Mt. Blanc Tunnel 5½ 90	60	†87	87½	−0⅛	−0½	7.50
Newag 5¾ 90	80	91¾	92	0	+0½	7.00
OKB 7 93	100	99⅞	100⅜	+0⅛	+0⅛	6.99
Oslo, City of 5⅞ 90	80	92¾	93	0	+1⅛	6.94
Philips Lamps 5¾ 92	100	87⅜	88	+0⅛	0	6.86
Swed. Ex. Cred. 7¼ 91	75	98⅞	99½	+0⅛	+0⅛	7.48
Trade Dev. Fin. 6⅛ 90	50	88⅞	89	−0⅛	−1⅛	7.87
Voest-Alpine 5⅞ 90	80	†88	88½	+0⅛	−1	7.57
World Bank 6 91	100	93⅛	93½	0	−0⅛	6.97
World Bank 7 90	100	100⅛	100½	+0⅛	+0⅛	6.83

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	96⅞	97½	−0⅛	−0⅛	8.67
Australia 8½ 88	20	95⅞	96⅛	−0⅛	0	9.42
EIB 7⅞ 89	12	92⅞	93⅛	0	0	9.07
Finland 8.8 88	10	95	96	−0⅛	−0⅛	9.81
Finland, Rep. of 8⅜ 87	15	96⅞	97⅛	−0½	−0⅛	8.96
New Zealand 8⅜ 87	15	97⅞	98½	−0⅛	−0⅛	8.82

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	85⅞	86⅞	−0⅛	−1⅛	14.66
CIBC 13½ 86 C$	50	92⅜	93⅜	0	−1½	16.09
CIBC 11½ 85 C$	60	86½	87½	+0⅛	0	16.19
Federal Dev. 11½ 90 C$	60	†77	78	−0⅛	−0⅛	16.47
Fst. Can. Inv. 10 84 C$	50	†83	84	−0½	−0⅛	17.96
R. Bk. Canada 10 86 C$	40	87½	88½	−0⅛	−0⅛	13.53
Tordom Cpn. 13½ 85 C$	30	†91	92	−0⅛	−1½	16.64
M. Bk. Dnmk. 8 91 EUA	25	86⅞	87⅜	+0⅛	+0⅛	11.12
SOFTE 8⅛ 89 EUA	40	85½	87	0	−0⅛	10.97
U. Bk. Nwy. 9½ 90 EUA	18	91	92½	0	−1⅛	11.01
Algemene Bk. 10⅛ 86 Fl	60	94⅛	94⅞	+0⅛	0	11.79
Amro Bank 12 86 Fl	75	100⅛	100⅝	+0⅛	−0½	11.85
Heineken NV 10 87 Fl	100	94⅛	94⅝	0	−0⅛	11.34
Nat. Nedrlndn. 10 88 Fl	60	94⅛	94⅝	+0⅛	−0⅛	11.21
Ned. Midd. Bk. 10 85 Fl	75	94⅛	94⅝	+0⅛	+0⅛	11.74
Pierson 10⅛ 86 Fl	50	92⅞	93⅜	−0⅛	−0⅛	12.33
Rabobank 12 86 Fl	50	100⅛	101⅛	+0⅛	+0⅛	11.73
Air France 14½ 86 FFr	200	92	93	0	−0⅛	16.86
Bk. America 14½ 86 FFr	250	90⅛	91⅛	0	+0⅛	17.45
Charb'nages 13⅞ 85 FFr	400	89⅝	90⅝	0	−0⅛	17.36
EIB 14⅜ 88 FFr	300	87⅛	88⅛	0	+0⅛	17.32
La Redoute 14⅜ 85 FFr	125	86⅞	87⅞	0	+0⅛	18.83
OKB 14 86 FFr	400	90⅛	91⅛	0	−0⅛	16.99
Solvay et C. 14⅜ 86 FFr	200	95⅛	96⅛	0	−0⅛	16.08
Swed. E. Cr. 14⅜ 86 FFr	250	88	89	0	+0⅛	18.41
U. Mex. Sts. 14 85 FFr	150	89½	90½	0	+0⅛	17.75
Acona 14 85 £	20	93	94	+0⅛	−0⅛	16.12
Beneficial 14⅜ 90 £	20	84	84⅛	+0⅛	−1	17.73
BNP 13⅛ 91 £	15	86⅛	87	0	+0⅛	16.32
CECA 13½ 88 £	20	88⅛	89⅛	−1	−0⅛	16.14
Citicorp O/S 13½ 90 £	50	91⅛	92⅛	−0⅛	−0⅞	15.16
Fin. Ex. Cred. 13⅛ 86 £	15	91⅝	92⅛	+0⅛	+0⅛	16.26
Gen. Elec. Co. 12½ 89 £	50	85⅞	86⅞	0	−0⅛	15.70
Hiram Walker 14⅜ 86 £	25	93⅜	94⅛	0	−0⅛	16.18
Privatbanken 14½ 88 £	12	89⅛	90⅛	−0½	−0⅛	17.09
Rothschild 14⅛ 90 £	12	92⅛	93⅛	−0⅛	−0⅛	15.72
Royal Trustco 14 86 £	12	93	93⅞	−0⅛	−0⅛	[illegible]
Swed. Ex. Cr. 13⅛ 86 £	20	92⅜	93⅛	0	+0⅛	16.01
Akzo 9⅛ 87 LuxFr	500	90	91	0	+0⅛	11.44
Euratom 9⅛ 88 LuxFr	500	84⅛	85⅛	−0⅛	+1⅛	13.36
Eurofima 10½ 87 LuxFr	500	89⅞	90⅞	+0⅛	−0⅛	12.81
EIB 9¾ 88 LuxFr	600	85⅛	86⅛	−0⅛	+0⅛	13.01
Volvo 9⅞ 87 LuxFr	500	86	87	+0⅛	+0⅛	12.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98	98½	18/12	16⅝	17.05
SBL Int. 5 88	0¼	99⅛	99⅝	20/11	18.31	18.40
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/10	18.81	18.93
Christiania Bk. 5½ 91	‡0¼	98⅛	98⅝	5/8	17.31	17.58
Citicorp O/S Fin. 94	‡0	99⅛	99⅝	31/8	18⅞	18.99
C. Itoh 5⅞ 87	0¼	98⅞	99⅜	18/8	15.44	15.59
Co-operative Bk. 6 86	0⅛	99⅛	99⅞	15/11	19.56	19.84
Den Norske Credit 6 90	‡0¼	98⅛	98⅝	5/8	17.31	17.56
Genfinance 5¼ 87	0¼	98⅞	99⅜	30/10	16.94	17.13
Genfinance 5¼ 92	0⅛	98⅞	99⅜	30/12	18.31	18.47
Giro und Bank 5¼ 91	‡0¼	98⅞	99⅜	23/9	19.06	19.26
GZB 5¼ 92	0¼	97⅞	98⅛	5/9	17⅛	17.60
Ind. Bank Japan 5¼ 88	0¼	98⅞	99⅜	9/10	16.44	16.60
Lloyds Eurofin 8 90 £	0¼	97⅛	97⅝	6/1	13⅛	13.97
Lloyds Eurofin 5¼ 92	0¼	98⅛	98⅝	4/12	17.44	17.70
LTCB Japan 5¼ 88	0¼	99	99½	13/12	17⅛	17.38
Man. Hanov. O/S 5¼ 94	‡0¼	99⅛	99⅝	30/8	19.06	19.18
Merrill Lynch O/S 87	0¼	99⅞	100⅞	7/8	20.44	20.41
Midland Int. Fin. 5¼ 92	0¼	98⅛	98⅝	5/12	17⅜	17.66
Midland Int. Fin. 5 91	0¼	98⅛	98⅝	30/10	16.81	17.09
Nacional Fin. 6¼ 86	0¼	98⅞	99⅜	25/1	19⅛	19.47
Nacional Fin. 5⅝ 88	0¼	96⅞	97⅜	25/9	14⅞	15.35
Nat. Bk. Canada 5¼ 88	0¼	97⅞	98⅜	24/9	14½	14.78
Nat. West. 5¼ 94	§0¼	97⅞	98⅛	14/10	16.19	16.54
Nat. West. Fin. 5¼ 91	§0¼	98⅜	98⅞	15/1	18⅛	18.38
Nat. West. Fin. 5¼ 92	§0¼	97⅞	98⅛	23/10	16.81	17.13
Pemex 6 91	0¼	96⅞	97⅛	9/10	15.31	15.79
Societe Generale 5¼ 91	0¼	98⅜	98⅞	22/1	18⅝	18.81
Sparebanken 6 87	0¼	97½	98	13/12	16.81	17.20
Standard Chartd. 5¼ 90	0¼	99	99⅛	3/9	17.06	17.19
Sveneka Hndlsbk. 5 87	0¼	99	99½	15/1	18⅛	18.26

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	95⅛	96⅛	−0⅛	6.20
Bow Valley Inv. 8 95	4/81	23.12	103⅛	105⅛	−1⅛	18.70
Canon 6⅜ 96	1/81	829	186⅞	187⅞	+0⅛	−1.12
Credit Suisse 4⅜ 93	10/79	1236	85	87	+1⅛	3.37
Digicon Fin. 8½ 95	10/81	29.5	98	99⅛	+1⅛	9.25
Fujitsu 5½ 96	7/81	732	110	111	+0⅛	5.41
Furukawa Elec. 5⅜ 96	7/81	300	117	118	+4½	3.90
Hanson O/S Fin. 9½ 96	8/81	2.74	89½	91	+0½	2.26
Hitachi Cred. Cpn. 5 96	7/81	1966	96⅞	97⅜	+3⅛	6.06
Ina Overseas 8⅜ 2000	4/81	42	102	103⅛	+0⅛	1.70
Inchcape 8 95	2/81	4.55	69	71	0	10.11
Marion Int. Fin. 9 95	12/80	15.5	79⅛	80½	+0⅛	26.88
Marui 6 96	7/81	931	93	94	−1½	−0.68
Matsushita El. 7½ 95	11/80	590	92⅛	93½	−0⅛	1.72
Murata 5⅛ 96	7/81	2190	98⅞	99⅞	−0⅛	5.16
NKK 6½ 96	7/81	168	112⅞	113⅞	+0⅛	30.00
Ricoh 6⅛ 95	8/80	604	158⅛	159⅛	+2⅛	−1.93
Sumitomo M. Ind. 7 95	2/81	381	136⅛	137⅛	−0⅛	−2.14
Swiss Bk. Cpn. 6⅞ 90	9/80	200	75	77	−0⅛	32.88
Taylor Woodrow 8⅜ 90	1/81	4.94	88⅛	89⅛	+0½	0.85
Transco Int. 8⅞ 95	2/81	68	81	82⅛	−0⅛	25.63
Tricorp 8½ 95	12/80	31.25	81⅞	82⅞	+0⅛	10.22
Union Bk. Switz. 5 89	2/80	70.79	75	77	−0⅛	10.88
Sharp Cpn. 6½ 86 DM	9/80	595	199⅛	200⅞	−0⅛	−1.33
Unv. Co. 6½ 85 DM	11/79	879.3	111⅞	112⅞	−0½	−2.87

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	2,473.8	4,191.3
Previous week	2,411.9	4,101.9
Other bonds		
Last week	739.3	430.3
Previous week	677.0	573.8

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First *date for conversion into shares.* Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by:

Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 31

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

NORWAY

ITALY

SWEDEN

SWITZERLAND

GERMANY

AUSTRALIA

HONG KONG

JAPAN

SOUTH AFRICA

BRAZIL

TEL AVIV

AUSTRIA

BELGIUM/LUXEMBOURG

FRANCE

DENMARK

SINGAPORE

Indices

NEW YORK —DOW JONES

	July 31	July 30	July 29	July 28	July 27	July 24	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
♦Industr'ls	952.54	945.11	937.40	935.48	946.87	936.74	1024.05 (27/4)	924.66 (22/7)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	59.55	59.62	59.60	59.70	59.65	59.74	65.78 (15/1)	58.37 (7/5)	—	—
Transport..	406.65	405.09	401.04	401.10	403.03	402.17	447.58 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.25 (8/7/32)
Utilities.....	109.59	109.99	109.25	108.50	108.56	107.57	117.81 (5/1)	105.98 (5/6)	165.32 (20/4/69)	10.5 (26/4/42)
TradingVol 000's	45,460	41,560	37,610	38,160	32,610	38,880	—	—	—	—

♦Day's high 956.72 low 943.40.

Ind. div. yield %	July 24	July 17	July 10	Year ago (approx)
	5.63	5.70	5.72	5.76

STANDARD AND POORS

	July 31	July 30	July 29	July 28	July 27	July 24	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls ...	147.46	145.45	145.41	145.46	146.35	144.75	157.02 (6/1)	145.20 (22/7)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	130.32	130.01	129.16	129.14	129.90	128.46	138.12 (6/1)	126.53 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	July 29	July 22	July 15	Year ago (approx)
Ind. div. yield %	4.88	4.96	4.83	4.79
Ind. P/E Ratio	9.24	9.10	9.31	8.23
Long Gov. Bond yield	13.70	13.65	13.14	10.57

N.Y.S.E. ALL COMMON

July 31	July 30	July 29	July 28	1981 High	1981 Low
75.95	75.41	74.95	74.94	79.14 (6/1)	72.45 (20/2)

Rises and Falls	July 31	July 30	July 29
Issues Traded	1,868	1,865	1,861
Rises	976	895	686
Falls	509	550	734
Unchanged	385	418	441
New Highs	—	16	17
New Lows	—	33	31

MONTREAL

	July 31	July 30	July 29	July 28	1981 High	1981 Low
Industrials	—	363.41	368.52	385.51	409.39 (27/5)	356.25 (20/2)
Combined	355.73	353.25	359.75	364.55	376.16 (27/5)	339.34 (20/2)
TORONTO Composite	2235.9	2238.5	2267.6	2306.9	2376.6 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Conoco	1,856,600	91	−1/8
Houston Ind.	786,800	21 1/2	+1/8
Pac. Gas El.	758,100	22 3/8	−1/8
Polaroid	571,200	27 5/8	+1/8
Gulf Oil	543,600	33 7/8	+1/4
Natomas	517,800	32 1/2	−1 1/2
Alcan Alumin.	509,000	24 7/8	+1/4
Boeing	437,900	27 3/8	+1/8
Fluor	469,900	36 1/2	−3 1/8
Nat. Med Care	443,000	13 7/8	−7/8

WORLD INDICES

	July 31	July 30	July 29	July 28	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	655.2	634.4	640.1	646.3	757.3 (6/4)	633.2 (31/7)
Metal & Minrls. (1/1/80)	511.0	512.5	517.5	525.4	755.2 (7/1)	511.0 (31/7)
AUSTRIA						
Credit Aktien (2/1/62)	58.54	58.04	58.21	57.37	66.45 (5/1)	57.37 (28/7)
BELGIUM						
Belgian SE (31/12/63)	75.69	73.37	75.12	73.45	86.15 (17/2)	69.53 (16/5)
DENMARK						
Copenhagen SE (1/1/73)	114.98	114.52	114.24	114.21	118.21 (3/7)	95.35 (2/1)
FRANCE						
CAC General (29/12/61)	88.8	89.5	90.7	91.0	112.5 (17/8)	77.5 (15/6)
Ind Tendance (31/12/80)	92.6	95.0	94.5	95.6	106.8 (13/3)	79.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	241.56	240.93	241.24	241.95	243.47 (3/7)	215.65 (5/2)
Commerzbank (Dec. 1953)	739.4	735.5	736.6	739.3	749.0 (3/7)	665.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	92.4	91.8	91.5	91.7	96.2 (24/6)	95.7 (2/1)
ANP-CBS Indust. (1970)	72.1	71.6	71.3	71.1	78.4 (22/6)	62.3 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1719.84	1693.53	(c)	1660.52	1810.20 (17/7)	1295.44 (11/5)
ITALY						
Banca Comm Ital (1972)	211.66	208.86	200.04	191.75	282.03 (5/6)	166.44 (24/7)
JAPAN						
Dow Average (16/5/49)	7626.26	7851.35	7823.58	7784.34	7325.34 (3/7)	6958.32 (13.3)
Tokyo New SE (4/1/68)	592.15	592.54	591.81	569.55	695.10 (13/7)	425.78 (5/1)
NORWAY						
Oslo SE (1/1/72)	134.78	136.03	137.45	138.12	138.12 (28/7)	110.34 (3/6)
SINGAPORE						
Straits Times (1966)	822.28	804.46	786.65	756.75	973.26 (26/6)	559.51 (2/1)
SOUTH AFRICA						
Gold (1958)	654.6	645.3	648.0	645.9	797.8 (7/1)	478.6 (3/7)
Industrial (1958)	620.0	618.9	614.4	612.5	638.5 (1/5)	557.2 (3/2)
SPAIN						
Madrid SE (30/12/80)	137.27	135.80	134.80	134.80	141.40 (17/6)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	695.7	534.29	595.59	535.42	695.7 (31/7)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	236.2	237.2	287.6	287.6	304.2 (2/4)	279.2 (27/5)
WORLD						
Capital Intl. (1/1/70)	—	150.5	150.4	150.4	162.9 (6/1)	149.0 (23/7)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Financial Rand US$0.81 (Discount of 2%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
British Cinematograph Theatres, 9-11, Richmond Bldgs., Dean Street, W, 12.00
Eastern Produce Hldgs., Winchester House, 100, Old Broad Street, EC 2.30

BOARD MEETINGS—
Finals:
Hillards
NMC Invs.
Owen and Robinson
Preedy (Alfred)
Regional Properties
Interim:
Bovis Securities

DIVIDEND & INTEREST PAYMENTS—
Allied Breweries 3p
Arenson (A.) (Hldgs.) 0.52p
Atlantic Assets Tst. 5pcPf 1.75pc
Braby Leslie 1.5p
Brad Grp. 5pcPf. 1.75pc
British Columbia Electric Perp. Call. Bds. 2¼pc. Bds. Ser. AD (1/8/86) 2¼pc
Brown Shipley Hldgs. 7.5p
Brunner Inv. Tst. 1.3p
Capital and Counties Property 2.4p
Capital Gearing Tst. 0.25p
Citicorp 39cts
Coalite Grp. 2.8p
Continental Illinois Corp. 45cts
De La Rue 14.4p
Edinburgh American Assets Tst. 4½pcPf. 1.575pc
Energy Services and Electronics 0.45p
Ferranti 4p
Francis Parker 0.35p
Glossop (W. and J.) 3.046p
Hardys and Hansons 3.7p
Hawker Siddeley Grp. 5½pc 1.925pc
Hulett's Corp. 24.73593p
Huntingdon and Peterborough 9½pc 1981-1983 4¾pc
Industrial and General Tst. Db. 2¾pc
MK Electric Hldgs. 7p
Northampton Var. Rate Red. 1983 £6.9375
Pentland Inv. Tst. 1.5p
Press (William) 0.78p
Property Partnerships 2.75p
Rediffusion 4.25p
Roan Cons. Mines B Ord. K4 12½ NGwee
Shell Transport and Trading 7pcPf. 2.45pc
Sterling Tst. 3p
Sutton District Water 7pc (fmly. 10pc) 3.5pc. 4.9pc (fmly. 7pc) 2.45pc. 3.15pc (fmly. 4½pc)Pf. 1.575pc. 3.85pc (fmly. 5½pc)Red.Pf. 1981-83. 1.925pc
United Gas Inds. 10pcPf. 3.5pc

TOMORROW

COMPANY MEETINGS—
Comfort Hotels Intnl., 99, Kensington High Street, W, 10.30
New Throgmorton Trust, Winchester House, 100, Old Broad Street, EC, 12.30
Rolfe and Nolan Computer Services, Great Eastern Hotel, Liverpool Street, EC 12.00
Stead and Simpson, Fosse Way, Syston, Leicester, 12.00
Sutcliffe Speakman, Midland Hotel, Peter Street, Manchester, 12.30
Walker and Staff, Walker House, Boundary Street, E, 12.30
Warnford Invs., Chartered Insurance Institute, 20, Aldermanbury, EC, 3.00

BOARD MEETINGS—
Finals:
Afisa Inv. Tst.
Centreway Tst.
Cowan de Groot
Fobel Intnl.
Sterling Credit
Unitech
Interim:
Intnl. Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—
Banco de Bogota Finance Cop. Gtd. Fltg. Rate Notes 1985 US$83.27
Bank of Tokyo (Curacao) NV Gtd. Fltg. Rate Notes 1991 US$414.79
Brown (Matthew) 1.35p
Cardiff Property 0.6p
Castlefield (Klang) Rubber Estate 2p
Continuous Stationery 1.7p
Doornfontein Gold Mining 115.92227p
East Driefontein Gold Mining 78.24753p
Exchequer 9½pc 1981 4¾pc
Folkestone and District Water 7pc (fmly. 10pc) Max. 3.5pc. 4.9pc (fmly. 7pc) Max. New Ord. £10 2.45pc. 4.9pc (fmly. 7pc) Max. Ord. 1953 Iss. 2.45pc. 3.5pc (fmly. 5pc) Max. Ord. £10 1.75pc.
Hong Kong Tin 10p
Killinghall (Rubber) Dev. Syndicate 4p
Kloof Gold Mining 139.10573p
Libanon Gold Mining 115.92227p
Rolfe and Nolan Computer Services 1.5p
Staveley Inds. 8.5p
Venterspost Gold Mining 78.24753p
Vlakfontein Gold Mining 5.79611p
West Driefontein Gold Mining 420.21824p

WEDNESDAY, AUGUST 5

COMPANY MEETINGS—
British Tar Products, Cafe Royal, Regent Street, W, 12.00
Evans of Leeds, Great Eastern Hotel, Liverpool Street, EC, 12.00
GEI Intnl., Savoy Hotel, Strand, WC, 12.00
Holden (Arthur) and Sons, Midland Hotel, New Street, Birmingham, 12.00
Mansfield Brewery, Littleworth, Mansfield, 11.30
Mountview Estates, Russel Hotel, Russel Square, WC, 12.00
Samuel (H.), Hunters Road, Birmingham, 12.00

BOARD MEETINGS—
Finals:
City of London Brewery and Inv. Tst.
Ewart New Northern
Garford-Lilley Inds.
Hales Properties
Hallite Hldgs.
Interims:
Alcan Aluminium (UK)
Ault and Wiborg
Bibby (J.)
Foreign and Colonial Inv. Tst.
Glynwed
Rentokil
Smallshaw (R.) (Knitwear)

DIVIDEND & INTEREST PAYMENTS—
American Medical Intnl. Inc. 16cts
British Inv. Tst. Db. 2pc
C.A. Cavendes Fltg. Rate Deb. due 1986 US$45.04
Christiania Bank OG Kreditkasse Fltg. Rate Sub. Cap. Notes 1991 US$44.24
Construction Hldgs. 5.6p
Neil and Spencer (Hldgs.) 0.7p
New Throgmorton Tst. Inc. 1p
Oxley Printing Grp. 0.1p
Scotcros Ln. 3pc
Scottish Northern Inv. Tst. 4¾pcPf. 1.6625pc
Stead and Simpson Ord. and A Ord. 2.5p

THURSDAY, AUGUST 6

COMPANY MEETINGS—
Anderson Strathclyde, Central Hotel, Glasgow, 12.00
Baker Perkins, Hyde Park Hotel Knightsbridge, SW, 11.45
Bradford Property Tst., Victoria Hotel, Bridge Street, Bradford, 12.00
Cullen's Stores, Burford Bridge Hotel, near Dorking, 3.00
Culter Guard Bridge Hldgs., Jubilee Hall, Guardbridge, Fife, 12.00
Triplex Foundries Group, Upper Church Lane, Tipton, 12.15

BOARD MEETINGS—
Finals:
AAA Inds.
Associated Tooling
Austin (James) Steel
Black (Peter)
Gnome Photographic
Smith (David S.)
Interims:
Adams and Gibbon
Anglo American Gold Inv.
Barclays Bank
Carron
Evode
Hoover
Law Debenture
Relyon PBWS

DIVIDEND & INTEREST PAYMENTS—
AD Intnl. Ln. 4½pc
Arbuthnot Latham 8p
Barlow Hldgs. 2p. Do. 1p
Bradford Property Tst. 2.3p
British American and Gen. Tst. Ln. 2pc
British Cinematograph Theatres 2.1p
British Tar Products 1.575p
Country Gentleman's Assoc. 25p
Elswick-Hopper 0.6325p
English and New York Tst. Ln. 2¼pc
Folkes (John) Hefo Ord. and NV Ord. 0.9p
GEI Intnl. 3.555p
Hapoalim Intnl. Gtd. Fltg. Rate Notes 1983 US$654.72
Imperial Chemical Inds. Ln. 5¾pc
Intnl. Distillers and Vintners Ln. 4¼pc
Intnl. Paint 2.545p
Johnson Matthey 6.5p
Mansfield Brewery 3.125p
New Throgmorton Tst. Ln. 3½pc
TSL Thermal Syndicate 3p
Walker and Staff 1.35p
Webster (Samuel) Db. 3¼pc
Whitbread and Co. Db. 3¾pc
Woodhead (Jonas) 0.1p

FRIDAY, AUGUST 7

COMPANY MEETINGS—
Brickhouse Dudley, Strathallan Hotel, 225 Hagley Road, Edgbaston, Birmingham, 12.00
Caledonian Associated Cinemas, 4, Academy Street, Inverness, 12.00
Ferguson Industrial Hldgs., Appleby Castle, Cumbria, 11.30
Imperial Continental Gas, Chartered Insurance Institute, 20, Aldermanbury EC 11.30
Scapa Group, Saxon Inn Hotel, Yew Tree Drive Blackburn, 11.30
Tern-Consulate, Lawrence Road Tottenham N 12.00
Thwaites (Daniel), Millstone Hotel, Mellor, nr. Blackburn, 12.00

BOARD MEETINGS—
Finals:
Longton Industrial
Phoenix Timber
Interim:
Scottish United Investors

DIVIDEND & INTEREST PAYMENTS—
Amber Industrial Hldgs. 2.5p
Anderson Strathclyde 3p
Anglia Television NV A 2.2p
Anglo-American Corp. of South Africa Pfd. 3pc
Bokers Household Stores (Leeds) 0.65p
Brickhouse, Dudley 2.25p
British and Commonwealth Shipping 7p
Brown (N.) Invs. 3.5p
Buffelsfontein Gold Mining 400cts
Burco Dean 0.1p
Burnett and Hallamshire 6.4p
Burroughs Corp. 65cts
Caledonia Associated Cinemas 7p
Century Oils 2p
Continental and Industrial Tst. 7.5p
Cullen's Stores Ord. and A NV Ord. 3.6p
Dundonian 2.25p
Elliott Group of Peterborough 0.25p
Grootvlei Proprietary Mines 39.91138p
Hambros PLC Shs. £10 (£2.50 pd.) 160p. Do. 16p. Do. A 2.1p
Henlys 3p
Hinton (Amos) Ln. 3¼pc
Holden (Arthur) 3p
LCP Hldgs. 2.5p
Maple and Co. Ln. 5¼pc
Marievale Cons. Mines 14.46064p
Merrill Lynch Overseas Capital NV Gtd. Fltg. Rate Notes 1987 US$263.98
Mid-Sussex Water 4.9pc (fmly. 7pc) Max. add Ord. 2.45pc
Mountview Estates 2.2p
Muirhead 1p
Pauls and Whites 4.75p
Prince of Wales Hotels 1p
Southern Rhodesia 4½pc 1987-92 2¼pc. 4½pc 1987-92 (Assented) 2¼pc
Stilfontein Gold Mining 130cts
Tesco Stores (Hldgs.) 1.55p
Triplex Foundries Grp. 1p
UDS Grp. 3.61p
WGI Grp. 3p. 4.9pcPf. 2.45pc
West Rand Cons. Mines 5cts
Westbrick Products 2.5p

SATURDAY, AUGUST 8

DIVIDEND & INTEREST PAYMENTS—
Reed Intnl. Dbs. 3½pc Ln. 5pc

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Basildon (0268 22881)	13¾	½-year	5,000	6-10
Knowsley (051-548 6555)	12¾	½-year	1,000	1-3

Public Works Loan Board rates

Effective July 25

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	15¼	15½	15½	15¾	15⅞	16
Over 5, up to 10 ...	15½	15¾	15⅞	16	16⅛	16⅛
Over 10, up to 15...	16	15¾	15⅞	16⅛	16¼	16¼
Over 15, up to 25...	15¾	15⅝	15⅝	16¼	16⅛	16⅛
Over 25	15⅝	15⅝	15⅝	16⅛	16⅛	16⅛

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Inquiry into farm aid

BY RICHARD MOONEY

UK FARMERS' allegations that they are being driven out of business by subsidised imports are to be investigated by an all-party committee of MPs.

The House of Commons Agriculture Committee announced that its next inquiry will be into agricultural support. Its terms of reference will be "to inquire into the financial policy of the EEC, of member states and, as appropriate, of other countries, in relation to agriculture, with particular reference to poultry, horticulture, eggs and less-favoured areas."

The poultry, eggs and horticulture sectors in Britain have been especially vocal recently in making charges of unfair competition against Continental imports.

The inclusion of less-favoured areas in the terms presumably reflects suspicions that some improper industry aids are paid through regional assistance schemes rather than through specific industry schemes.

The National Farmers' Union and the British Poultry Federation welcomed the announcement. The union said there was a clear need for a thorough investigation of national aids to farming in the Common Market and for tightening monitoring procedures.

Hearings will begin in mid-November and are likely to take months. The last committee inquiry, into farm-animal welfare, took nearly a year to complete.

UK poultry producers have sought to counteract the advantage their counterparts in France and elsewhere enjoy through having hygiene inspection costs paid by the Government. This puts UK producers, who have to pay for inspection, at a 4p to 5p a lb disadvantage, they claim.

Pier is sold

CLACTON PIER has been sold for an undisclosed sum to amusement arcade owner, Mr Frances McGinty. The owner, Mr Michael Goss, said yesterday he was selling the 100-year-old pier because of the lack of facilities at the resort.

APPOINTMENTS

Senior posts at Myson Group

Mr R. E. Myson has resigned as chairman and chief executive of MYSON GROUP and its subsidiaries. Mr R. A. Wheeler has been appointed chief executive and Mr J. G. Salkeld deputy chief executive. A non-executive chairman will be appointed shortly.

★

Mr Alastair Morton has been appointed to the boards of MASSEY-FERGUSON LIMITED of Toronto, and its UK holding company, MASSEY-FERGUSON HOLDINGS.

★

Mr John Croker has been appointed London representative for CEDEL.

★

Mr J. A. K. Collins, chairman of Medens Trust, has been appointed a director of BROWN, SHIPLEY & CO.

★

Mr Donald Mackinlay has been appointed chairman of the information committee of THE SCOTCH WHISKY ASSOCIATION in succession to Mr Ian Coombs. Mr Mackinlay is chairman of Charles Mackinlay and Co. and is also chairman of Pentlands Scotch Whisky Research.

★

Mr Eric Carter and Mr John Sawkins have been appointed directors of J. H. MINET & CO.

★

Mr Eddie Wilson has been appointed director of sales for the UK and Eire of DOW CHEMICAL COMPANY. He succeeds Mr Joe Ferraon who is taking up an appointment with Dow Chemical Europe in Horgen, Switzerland.

★

Mr John Aris, head of computer development, Imperial Group, and Mr Peter Simpson, ICL's director of commercial affairs, have been elected member directors of THE NATIONAL COMPUTING CENTRE. Mr George Penney has been re-elected a staff member of the board.

★

WILSON ADVERTISING has appointed former HTV sales and marketing manager, Mr Martin Bennett, as account director.

★

Mr David R. Worlock, assistant managing director of Thomas Nelson Educational Publishers, has been appointed managing director of EUROLEX. Eurolex is a wholly owned subsidiary of Thomson Data.

Mr Alan Lazarus has retired as a director of LEOPOLD LAZARUS. Mr P. B. Klein and Mr P. R. Davison have been appointed directors.

★

Shell UK director personnel Mr Tom Cain has been appointed to the advisory editorial board "PERSONNEL MNAGEMENT."

★

Mr Keith Hutchings has been appointed to the board of BRENT CHEMICALS INTERNATIONAL (B.C.I.) as financial director. Mr Hutchings was the B.C.I. group's director of finance before his appointment to the main board.

★

Mr J. D. Drysdale and Mr P. A. F. Gifford have been appointed to the board of ROBERT FLEMING HOLDINGS. Mr J. A. Morrell is resigning from the board to take up another appointment at the end of the year.

★

Mr J. F. T. Dundas has been appointed a director of MORGAN GRENFELL & CO.

★

Mr Michael Morley has been appointed deputy chairman of CHARTERHOUSE PETROLEUM, and Mr Paul Ellis has joined the board as technical director.

★

Mr Stephen Maran is to join the board of LLOYDS & SCOTTISH LIMITED as finance director. He was director of credit for the finance division of Lloyds and Scottish Finance before moving to London in 1979 to a further non-board appointment as director of finance for Lloyds & Scottish Limited, the Group holding company.

★

THE COMMERCIAL BANKING COMPANY OF SYDNEY has appointed Mr M. G. Wilcox chairman of its London board. Mr Wilcox, a director of Midland Bank, was formerly a chief general manager of that bank until his retirement on June 30. Mr G. W. P. Hastings, previously a member of the London executive, has retired. Mr P. C. Taylor, manager corporate, has assumed responsibility for all international and corporate operations in London, with Mr H. W. Closier appointed manager international and Mr V. S. Kikalis, manager corporate.

★

Mr David Quick has been appointed deputy regional general manager of the central London (West) regional head office of LLOYDS BANK.

★

The Lord Chancellor has appointed Mr Brian John Davenport to be a law commissioner in succession to the late Mr W. A. B. Forbes.

★

Mr Robin Waldron has been appointed a non-executive director of INTERNATIONAL MILITARY SERVICES, the commercial arm of the Ministry of Defence. Mr Waldron is a director of United City Merchants and Employment Conditions Abroad.

★

Mr R. E. Norman, chairman and managing director of Thorn Consumer Electronics, has become chairman of the BREMA executive council in succession to Mr J. T. Griffiths who has been appointed a vice-president.

INSURANCE

Getting to grips with overseas expansion

BY ERIC SHORT

INSURANCE TODAY has to be an international business because conditions are influencing insurers to operate across national boundaries.

Of those conditions, firstly, the growing size and complexity of risks being underwritten necessitate a wide geographical spread of those risks. They are too large to be retained in one insurance market. This applies particularly to reinsurance arrangements, now spread on a world-wide basis.

Second, world-wide overcapacity in many insurance markets is causing insurers to seek expansion in markets outside their home market. This expansion can come about either by starting from scratch and building up the presence through organic growth or by buying into an existing insurance operation. There are plenty of examples of both methods.

In London overseas companies have been active in establishing a presence. The latest move came from Germany's leading insurance company, Allianz, buying a minority stake in Eagle Star. UK insurers are again on the expansionist tack overseas, so it is a two-way movement.

Insurance practices vary widely however throughout the world, particularly in areas of government supervision, taxation and accountancy policies.

In some countries foreign insurers will find that even if their presence is not welcomed with open arms their entry is not actively discouraged. In others, insurers trying to establish a presence will find all kinds of obstacles placed in their way. In some cases control of the insurance operation must by law remain in local hands.

Whatever the degree of welcome to foreign insurers, however, in establishing an insurance operation, a firm has to comply with the insurance laws and practices of that country.

There is thus a growing need for a comprehensive guide to insurance practices in every country. This need is being met by publishing firms launching books which detail insurance practices. These guides fulfil two basic functions.

First, they enable insurers considering expansion to review the conditions in the countries concerned before making actual in-depth appraisals from on-the-spot investigations.

Once a presence is established it enables insurers to keep abreast of changes in both the countries in which they operate and in other countries. Insurers can form opinions on trends in taxation and on accountancy policies towards insurance operations.

One such guide is published by the international accounting firm of Coopers and Lybrand. The firm acts both as auditors and as advisers to insurance organisations throughout the world. In 1977 it identified the need for a guide. This year it published the second edition of its International Insurance Industry Guide.

The guide is divided into three parts. Part I provides detailed information on practices in what are considered the main countries of interest to insurers. It has selected 20, from the UK and U.S. to Bermuda and Hong Kong. It gives a complete description of the regulatory authorities, the authorisation procedures and solvency requirements, accountancy practice and audit requirements, and of taxation.

Part II summarises insurance operations in 80 countries, including many with Communist Governments. The profiles include information on population, the number of motor vehicles, Gross National Product, the number of licensed insurers, premium income, marketing practices, exchange controls, insurance centres and what insurance is provided by State or other government agencies.

Part III discusses the EEC and its operations. It lists the directives made relating to the insurance industry and describes the requirements for insurance organisations operating within the Community, particularly the solvency margins for various types of insurance business.

Referendum on higher rates

COVENTRY'S Labour-controlled city council is to hold a public referendum to find out if ratepayers prefer a rates rise—possibly of 35 per cent — or severe cuts in public services.

The poll, on August 27, is expected to cost about £88,000. Labour leader Mr Arthur Haugh said yesterday that the result would not be binding on the council, but it was common sense to consult ratepayers.

The Conservative opposition has called the referendum a waste of time and money.

Sumitomo Metal has consolidated gains

By Our Financial Staff

SUMITOMO METAL INDUSTRIES, Japan's third biggest steel group in terms of output and one of the biggest manufacturers of steel pipes, reported that its consolidated after-tax profit rose by 19.2 per cent to Y48.47m ($203.65m) in the year ended March 31, on a rise of 6.9 per cent in sales to Y1,360bn ($5.71bn). The consolidated results were roughly in line with the unconsolidated figures, reported earlier, where net income rose by 19.5 per cent and sales increased by 6.8 per cent.

The company said that it expects its consolidated net income to increase slightly in the present financial year ending March 31, 1982. It attributed the increase to the continued brisk export sales of profitable seamless steel pipes and expected substantial gains from the yen's depreciation against the U.S. dollar.

Sumitomo Metal said that it was unable to forecast specific net income and sales figures as it was difficult to estimate what domestic steel demand will be for the year.

The steel group which raised the price of seamless steel pipes by about 20 per cent recently, plans to raise the price again by about 10 per cent in the second half of the present business year, it said.

● Nippon Kokan K.K., Japan's second biggest steelmaker, said that its consolidated after-tax net profit jumped 40 per cent in the year to March 31, to Y36.78bn ($154m) on an 8.5 per cent rise in sales, to Y1,472bn ($6.6bn). Earnings per share rose to Y12.43 from Y8.94.

Toyota South Africa lifts first-half profit

BY JIM JONES IN JOHANNESBURG

TOYOTA, the South African motor vehicle manufacturer, which at present holds the greatest market share in the country, more than trebled its first-half pre-tax profit in the six months to June 30. Consolidated pre-tax income increased to R35.44m ($37.23m) from R10.05m in the first half of last year and compares with R38.54m for the whole of 1980.

Total retail sales of the company's motor vehicles increased to 41,646 units from 28,263 units in last year's first half. At the same time Toyota gained 19.3 per cent of South Africa's new motor vehicle market against 15.2 per cent in the first half of 1980.

The management expects that in the absence of severe fiscal action on the part of the Government or a further deterioration of exchange rates, market conditions will remain steady. The Board forecasts continued satisfactory results for the present six months.

Lifo (last in first out) stock accounting principles have been introduced for the first time and resulted in a R9.1m deduction from pre-tax income. However, this brought a slower increase in first-half tax than in pre-tax profit. As a result, and despite the Lifo adjustment, after-tax income rose to R15.9m from R5.55m in the first half of last year. In 1980, the after-tax profit was R24.33m.

An interim dividend of 50 cents has been declared from first half earnings of 390.2 cents. Last year the interim dividend was 20 cents and the final 65 cents. First-half earnings were 136.5 cents last year, while the year as a whole resulted in earnings of 598.3 cents.

Toyota is wholly-owned by South African interests. It has the right to manufacture Toyota vehicles and relies on imports from the Japanese Toyota company for a wide range of components.

Strong rise in assets at Saudi International Bank

BY WILLIAM HALL, BANKING CORRESPONDENT

THE TOTAL assets of Saudi International Bank, the London merchant bank, have nearly doubled to £1.64bn (U.S.$3.03bn) in the year to end-June. Capital resources have more than doubled to £91m over the same period largely due to a £12m share issue and a $60m subordinated debt issue.

The strength of the dollar against sterling has inflated the growth but the bank says, in its interim statement, that even measured in U.S. dollars the growth is around 60 per cent. The bank notes that 40 per cent of its total assets now constitute loans and other commercial banking assets, reflecting the bank's goal of becoming a multinational wholesale bank.

The Saudi Arabian Monetary Authority owns 50 per cent of the bank. The National Commercial Bank, Jeddah, and Riyad Bank each own 2.5 per cent and the balance is held by half a dozen leading international banks.

Lower six-month earnings at Bathurst

By Robert Gibbens in Montreal

CONSOLIDATED - BATHURST, the pulp and paper company, which is planning to take over the former Bowater newsprint mill at Ellesmere Port, Cheshire, earned C$53.3m (U.S.$43.58m) or C$2.31 in the first half against C$63.6m or C$2.83 a year earlier. Sales were C$735m (U.S.$600m) against C$701m. The latest period excludes a special gain of C$12.3m from the sale of shares in Abitibi-Price.

Consolidated-Bathurst said the lower operating earnings were mainly due to the lower D-Mark and a weak West German economy, which affected the company's major packaging operation in Germany.

Consolidated-Bathurst is controlled by the Power Corporation of Canada group and Associated Newspapers has a 12 per cent holding.

17.8% rise in income at Wm. Wrigley

CHICAGO — Wm Wrigley Jr., the U.S. chewing gum manufacturer, said that its second quarter net profit rose 17.8 per cent above the year earlier figure to $7.68m despite substantial unrealised foreign exchange losses.

The company said that it had a second quarter currency translation loss of $4.05m compared to a gain of $1.07m a year earlier.

Since nearly all of the loss was not tax deductible, income taxes more than doubled to $11.2m in the second quarter from $5.3m in the 1980 period, Wm. Wrigley said. Reuter.

PENDING DIVIDENDS

	Date	Announcement last year
*Anglo American Gold	Aug 6	Int. 650 cents
Associated Dairies	Aug 27	Final 2.25
*Ault and Wiborg	Aug 5	Int. 1.07‡
Automotive Prods.	Aug 14	Int. 1.5
*Barclays Bk.	Aug 6	Int. 9.25
*Bibby (J.)	Aug 5	Int. 3.143
Blue Circle	Aug 27	Int. 5.0
British Aluminium	Aug 6	Int. 7.857
Brit. Elec. Traction	Sept 4	Final 5.709
British Petroleum	Sept 4	Int. 6.25
Brown Bros.	Aug 27	Final 1.1‡
Cadbury Schweppes	Sept 4	Int. 1.2
*Carrington Viyella	Aug 13	Int. 0.7
Cement Roadstone	Aug 27	Int. 2.1
Commcl. Bank Aust.	Aug 28	Final 10 cents
*Commercial Union	Aug 11	Int. 4.4
Costain	Sept 4	Int. 4.0
*De Beers	Aug 18	Int. 25 cents
Fairclough Const.	Aug 26	Int. 1.65
*General Accident	Aug 11	Int. 6.25
*Glynwed	Aug 5	Int. 2.45
*Gold Fields SA	Aug 18	Final 270 cts.
Guardian Royal Exch.	Sept 3	Int. 6.0
Hawley Leisure	July 22	Int. 0.6
*Hoover	Aug 6	Int. 4.0
Hongkong S'hai Bk.	Aug 26	Int. HK$0.18
*Horizon Travel	Aug 17	Int. 2.5
House of Fraser	Sept 2	Int. 2.0
IMI	Aug 28	Int. 2.0
Ladbroke	Aug 27	Int. 6.555
Lep Group	July 31	Final 12.5
Linfood	Sept 1	Final 7.5
Morgan Crucible	Sept 4	Int. 4.5
NEI	Sept 4	Int. 1.25
Ocean Trans.	Aug 19	Int. 4.3
Pearl Assce.	Aug 27	Int. 7.0
Phoenix Assce.	Sept 3	Int. 6.5
Raybeck	Sept 5	Final 3.169
*Rentokil	Aug 5	Int. 0.95
Royal Dutch	Aug 21	Int. Fl 6.00
*Royal Insce.	Aug 17	Int. 9.25
Securicor	Aug 13	Int. 0.5
Shell Trans.	Aug 21	Int. 8.6
Sime Darby	Aug 27	Final 17
Slough Ests.	Aug 27	Int. 1.1
Smith and Nephew	Aug 19	Int. 1.3
Stock Conversion	Jly 30	Final 2.655
Sun Alliance	Sept 3	Int. 15.0
Taylor Woodrow	Aug 5	Int. 3.16
*Transport Dev.	Aug 10	Int. 1.45
*Tube Invs.	Aug 12	Int. 17.857
Ultramar	Aug 14	Int. 4.0
Weir Group	Sept 3	Int. 1.863
*Woolworth (F. W.)	Aug 12	Int. 1.225
Yorkshire Chems.	Aug 28	Int. nil

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½%	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½%
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10% and over £50,000 11%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

RECENT ISSUES

EQUITIES

Issue Price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
153	F.P.	—	172	153	✻Aerospace Eng.	153	—	bd7.5	1.4	7.0	14.2
§35	F.P.	22/7	37	28	Allied Residential 10p	29	—	b2.45	2.0	12.1	5.0
Ir£0.60	F.P.	19/6	47	26	✻Bula Resources	41	−5	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	87	+1	b3.7	2.2	6.1	8.8
—	F.P.	—	14	10	Comtech 10p	12	—	—	—	—	—
64	F.P.	—	63	60½	East of Scot. On shore	62	—	5.0	—	11.5	—
‖	F.P.	—	25	18½	✻††Energy Sources	20	—	—	—	—	—
§15	12½p	—	13½	12½	F&CEnterpriseTst10p	13	—	—	—	—	—
140	F.P.	—	138	130	Hamilton Oil G.B.	136	−1	u1.0	18.4	1.1	7.4
—	F.P.	—	7	6	Hartons 5p	7	—	—	—	—	—
§10	F.P.	—	22	17	✻ICC Oil services	20	—	—	—	—	30.6
72	F.P.	26/6	70	68	✻Jackson Explorat'n	70	—	Q1.5c	—	1.1	—
140	F.P.	7/8	220	194	Memec 10p	215	+3	b30	2.3	2.0	29.9
§12	F.P.	—	640	480	Mexico Fund	500	+5	—	—	—	—
§51	F.P.	20/7	69	61	✻Microfilm Repro	62	—	b2.5	1.4	5.8	17.9
‖	F.P.	—	125	125	✻Newcourt Oil	125	—	—	—	—	—
‡44	F.P.	30/6	58	36	✻Selecty	36	−1	—	—	—	—
§85	F.P.	17/7	90	70	✻Stanelco	76	—	—	—	—	28.3
§155	F.P.	3/8	205	190	✻Star Computer	200	—	2.0	4.3	1.4	28.8
66	F.P.	—	77	75	✻Thorpac	77	+1	b1.82	3.7	3.4	10.1
§90	F.P.	31/7	100	92	✻Trident Comp.Serv.	100	—	bd1.5	4.0	2.1	18.8
§80	F.P.	14/7	91	85	✻United CeramicDist	88	−1	b4.2	1.9	6.8	10.1
100	F.P.	15/7	104	95	Utd. Comp. & Techgy	97½	—	—	—	—	—
§88	F.P.	31/7	98	89	✻Zygal Dynamics	97	—	u0.75	5.5	1.1	15.2

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
—	F.P.	6/7	110	102	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	102	−1
100‖	Nil	—	½pm	½pm	Chloride 7½% Conv. Prf.	½pm	−½
¶	£10	—	10	9⅞	East Surrey Water 10% Prf. 1986	10	—
98½	£25	12/11	25¾	24½	Inco 15¼% Uns. Ln. 2008	25	−¼
100‖	Nil	—	24½pm	18½pm	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	24½pm	+½
¶97	£10	3/9	110	95	Mid-Kent Water 9% Red. Prf. 1987	95	—
¶100	F.P.	28/8	98½	96	Mid-Southern Wat. 9% Red. Pref. '86	96	—
‖	F.P.	17/7	104¼	97	Mount Charlotte 9½% Cnv. Ln. 1995-2000	97	—
99	F.P.	27/8	98	90½	Newcastle Water 7½% Red. Pref. 1986	90½	—
100‖	F.P.	23/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	101	−½
¶¶	F.P.	—	91p	90p	Sterling Credit 3.5% Cnv. Red. Pref.	91p	—
¶98	F.P.	28/8	92½	79½	Sunderland & S.S. Water 8% Red. Prf. '87	90½	—
100p‖	Nil	—	½ppm	½ppm	'W' Ribbons 10% Cum. Red. Prf. '95-98	½ppm	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	■	1981 High	1981 Low	Stock	Closing price p	+ or −
190	F.P.	6/7	4/9	268	222	AGB	268	—
22	F.P.	31/7	11/9	24	22½	A.I.D.	22½	—
46	F.P.	23/7	28/8	64	49	Brengreen	53	—
275	125p	13/7	2/12	171	150	B.P.	164	+2
42	Nil	—	—	8pm	8pm	Buckley's Brewery	8pm	—
165	F.P.	3/7	7/8	191	177	Crouch (D)	177	—
18	F.P.	—	—	21¼	20	Edinburgh Gen. Ins.	20	—
375	F.P.	10/7	7/8	410½	392	English Association	392	−8
30	F.P.	6/7	7/8	87	78	Euro Ferries	85	—
176	Nil	—	—	35pm	24½pm	Extel	34pm	−1
55	F.P.	12/6	11/8	68	63½	Fine Art	64	—
255	F.P.	13/7	10/8	380	359	FlightRefuelling	373	—
240	Nil	—	—	165pm	120pm	††Gaelic Oil	130pm	−25
90	F.P.	10/7	21/8	132	121½	Geers Gross	125	—
5	Nil	—	—	2½pm	1pm	Hartons	2pm	−½
HK$12	HK$6	—	—	109	66	Hong Kong & Shanghai Bk.	103	+1
35	Nil	—	—	7pm	7pm	Lane (Percy)	7pm	—
315	F.P.	26/6	7/8	322	322	Lyle Shipping	322	—
77	Nil	—	—	15pm	4pm	Moss Engineering	4pm	−2
160‖	Nil	—	—	31pm	25pm	New Court Nat. Res. Units	33pm	—
50	F.P.	9/7	12/8	73	65	Old Swan Hotel (H'gate)	65	—
6	P.P.	6/5	21/9	11¼	6½	Sterling Credit	8½	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

CURRENCIES, MONEY and GOLD

Dollar rates keep up the pressure

BY JONAS CROSLAND

THOSE PEOPLE with faces red with anger at the high level of U.S. interest rates were probably moving towards a purple complexion last week as U.S. rates edged a little firmer. Three-month Euro-dollars were quoted at 20¼ per cent on May 14 but by June 17 had slipped to 17 per cent. The rate on Friday was nearer 18⅞ per cent nearly two points up from the low point in June. Admittedly Federal fund rates have fallen to nearer 17 per cent just recently but only after physical intervention by the Federal Reserve Bank.

So far there has been no declared change of policy by the authorities apart from vague references to lower rates by the end of the year and this has kept rates firm. The Federal Bank, in some ways like the Bank of England, is keeping the lid on very short term rates while not removing overall upward pressure.

At the end of the civil service dispute there is likely to be some switching out of dollar deposits as the flow of funds to the Exchequer increases, but this is something of an unknown quantity. In fact the whole question of money flows in London will be rather hazy in the coming weeks until the amounts involved become better known. The Bank of England wasted no time in trimming last weeks Treasury bill tender by £250m, £150m of which was earmarked for maturity on September 1 in addition to the £800m already sold.

With overnight money becoming much tighter and presumably a similar effect on one week money combined with an increased demand for overdraft facilities, banks may well find it impossible to provide finance at 13 per cent and so the market waits with interest to see how and whether the Bank of England will keep upward pressure on banks' base rates at a tolerable level.

THE POUND SPOT AND FORWARD

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8390-1.8630	1.8410-1.8420	0.92-1.02c dis	−6.32	1.90-2.00ds	−4.23
Canada	2.2700-2.2940	2.2730-2.2740	1.55-1.65c dis	−8.44	4.00-4.20ds	−7.21
Nethlnd.	5.04-5.09	5.04½-5.05½	⅝-⅛c pm	0.89	2¼-1¾ pm	1.58
Belgium	74.30-75.20	74.35-74.45	75-85c dis	−12.90	115-125dis	−6.45
Denmark	24.29-14.41	14.20-14.32	4½-5¾ore dis	−4.24	12¾-14¾ds	−3.74
W. Ger.	4.54½-4.59½	4.55-4.56	0.20-0.33p dis	−2.55	0.74-0.90ds	−2.63
Ireland	1.2440-1.2580	1.2450-1.2465	1½-⅝pf pm	2.30	2½-2 pm	1.97
Portugal	120.20-122.00	120.40-120.70	85-130c dis	−9.70	150-310dis	−7.63
Spain	181.50-183.80	181.65-181.95	65-90c dis	−15.58	175-225dis	−4.40
Italy	2251-2271	2252-2254	28¾-30¾lire dis	−15.58	83¾-86¾ds	−15.05
Norway	11.29-11.43	11.29½-11.31½	1⅝-⅛ore pm	1.06	2¾-1¾ pm	0.04
France	10.80-10.88	10.80¾-10.81¾	6¾-7¾c dis	−8.05	18¾-19¾ds	−7.12
Sweden	9.63-9.74	9.63-9.64	⅝-1⅛ore dis	−1.01	⅝ pm-⅛ dis	0.08
Japan	440-448	44-443	2.95-2.60y pm	7.52	8.40-7.95pm	7.39
Austria	31.90-32.25	31.92-31.97	8-3gro pm	2.07	18-9 pm	1.69
Switz.	3.94-3.98	3.95-3.96	2¾-2¼c pm	7.58	5½-5 pm	5.31

Belgian rate is for convertible francs. Financial franc 79.60-79.70. Six-month forward dollar 3.60-3.70c dis. 12-month 5.15-5.30c dis.

THE DOLLAR SPOT AND FORWARD

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8390-1.8630	1.8410-1.8420	0.92-1.02c dis	−6.32	1.90-2.00dis	−4.23
Ireland†	1.4795-1.4860	1.4840-1.4860	0.40-0.50c dis	−3.64	0.52-0.62dis	−1.53
Canada	1.2250-1.2337	1.2321-1.2324	0.28-0.32c dis	−2.92	0.72-0.77dis	−2.42
Nethlnd.	2.7340-1.7400	2.7370-2.7400	1.62-1.52c pm	6.89	3.79-3.69pm	5.47
Belgium	40.34-40.42	40.40-40.42	15-30c dis	−6.68	15-30 dis	−2.23
Denmark	7.7300-7.7535	7.7300-7.7400	1.35-1.10ore pm	1.90	1.00-0.50pm	0.39
W. Ger.	2.4580-2.4725	2.4715-2.4725	1.78-1.72pf pm	8.49	3.86-3.80pm	6.20
Portugal	65.30-65.60	65.40-65.60	5-35c dis	−3.66	15-95dis	−3.36
Spain	98.55-98.80	98.70-98.80	20c pm-par	1.22	10pm-15dis	−0.10
Italy	1223-1227	1225-1227	9-11lire dis	−9.81	33-35dis	−11.11
Norway	6.1200-6.1420	6.1200-6.1300	3.60-3.30ore pm	6.95	8.10-7.60pm	5.13
France	5.8300-5.8725	5.8675-5.8725	0.60-1.10c dis	−1.74	3.90-4.60ds	−2.90
Sweden	5.2200-5.2355	5.2200-5.2300	2.50-2.30ore pm	5.51	5.75-5.55pm	4.32
Japan	239.00-240.50	240.25-240.35	2.75-2.60y pm	13.38	6.95-6.80pm	11.44
Austria	17.29-17.33½	17.32-17.32½	12½-11gro pm	8.14	27½-23½pm	5.89
Switz.	2.1290-2.1470	2.1455-2.1465	2.10-2.00c pm	11.46	5.05-4.95pm	9.32

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	July 31		July 30	
Gold Bullion (fine ounce)				
Close	$405-407	(£218½-219½)	$402-404	(£216¾-217¾)
Opening	$404½-406½	(£217-218)	$401-403	(£216½-217½)
Morning fixing	$405.25	(£217.900)	$402.25	(£217.315)
Afternoon fixing	$406	(£219.104)	$402.25	(£217.526)
Gold Coins				
Krugerrand	$418-419	(£226¼-226¾)	$414½-415½	(£223¾-224¼)
1/2 Krugerrand	$215½-216½	(£116½-117)	$213½-214½	(£115¼-115¾)
1/4 Krugerrand	$109¾-110¾	(£59½-60)	$109-110	(£58¾-59¼)
1/10 Krugerrand	$45-46	(£24¼-24¾)	$44½-45½	(£24-24½)
Mapleleaf	$414½-417½	(£224¼-226)	$411-414	(£222-223½)
New Sovereigns	$101¼-102¼	(£55-55½)	$100¼-101	(£54-54½)
King Sovereigns	$113-115	(£60½-61½)	$112-114	(£60-61)
Victoria Sovs.	$113-115	(£60½-61½)	$112-114	(£60-61)
French 20,s	$114-120	(£61¾-65)	$113-119	(£61-64¼)
50 pesos Mexico	$505-508	(£273¼-275)	$501-504	(£270½-273)
100 Cor. Austria	$392-396	(£212-214¼)	$389-393	(£210-212¼)
$20 Eagles	$548-553	(£296½-299¼)	$545-548	(£293¼-295¾)

OTHER CURRENCIES

July 31	£	$		£ Note Rates
Argentina Peso	8995-9015†	4858-4878†	Austria	31.90-32.25
Australia Dollar	1.6205-1.6245	0.8805-0.8810	Belgium	79.50-80.50
Brazil Cruzeiro	178.28-179.28	96.40-96.88	Denmark	14.32-14.47
Finland Markka	8.45-8.46	4.5730-4.5750	France	10.77-10.87
Greek Drachma	109.570-112.718	60.10-60.20	Germany	4.55½-4.59½
Hong Kong Dollar	10.69-10.71	5.7840-5.7870	Italy	2235-2295
Iran Rial	152.00*	81.60*	Japan	444-460
Kuwait Dinar (KD)	0.525-0.531	0.2840-0.2845	Netherlands	5.04¼-5.07¼
Luxembourg Fr	74.35-74.45	40.40-40.42	Norway	11.36-11.46
Malaysia Dollar	4.36-4.37	2.3585-2.3605	Portugal	118½-126
New Zealand Dlr.	2.2220-2.2270	1.2070-1.2080	Spain	177¼-186
Saudi Arab. Riyal	6.31-6.37	3.4100-3.4175	Sweden	9.65-9.75
Singapore Dollar	3.9850-3.9950	2.1565-2.1585	Switzerland	3.94-3.98
Sth. African Rand	1.7550-1.7560	0.9530-0.9535	United States	1.84¼-1.85¾
U.A.E. Dirham	6.80-6.86	3.6700-3.6750	Yugoslavia	70-75

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,633-13,653 and for the dollar 7,350-7,400. *Selling rate.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¾-13	18¼-18½	21-22	14-14⅜	¾-1¼	11¼-11½	20-20½	20-25	12-14	5¾-6⅛
7 days' notice	13¼-13½	18⅜-18⅝	21-22	13⅝-14	2⅛-3	11⅜-11⅝	19½-20	26-30	15-16	6⅛-6½
Month	14⅛-14⅜	20-20¼	21¼-21⅝	13⅝-13⅞	8⅝-8⅞	12-12⅛	21½-22½	28½-30½	25¾-26¼	6⅞-8⅛
Three months	14⅜-14⅝	18⅝-18⅞	20⅝-21	13-13⅛	9⅛-9⅜	12⅜-12⅝	21½-22⅛	29-30½	20¾-21¼	7⅛-7⅜
Six months	14¼-14⅞	18⅝-18⅞	20⅜-20¾	13⅛-12⅜	9⅜-9⅝	12⅛-12⅜	21½-22½	28½-30	19¾-20¼	7⅜-7⅜
One Year	14⅝-14¾	17½-17¾	19¼-19⅝	12½-12⅞	9⅛-9½	12⅜-12½	19¾-20	27-28½	18-18½	8⅛-8⅜

SDR linked deposits: one-month 16⅜-16¹¹⁄₁₆ per cent; three-months 15¹⁵⁄₁₆-16³⁄₁₆ per cent; six-months 15¹⁵⁄₁₆-16⅜ per cent; one-year 15½-15⅝ per cent.
ECU linked deposits: one-month 16⁹⁄₁₆-16¹¹⁄₁₆ per cent; three-months 16⁷⁄₁₆-16¹¹⁄₁₆ per cent; six-months 16⁷⁄₁₆-16¹¹⁄₁₆ per cent; one-year 15¹³⁄₁₆-16³⁄₁₆ per cent.
Asian $ (closing rates in Singapore): one-month 20¼-20½ per cent; three-months 18⅝-18⅞ per cent; six-months 18⅝-18⅞ per cent; one-year 17⅞-17¹¹⁄₁₆ per cent. Long-term Eurodollar two-years 16⅝-16⅞ per cent; three-years 16½-16¾ per cent; four-years 16⅜-16⅝ per cent; five-years 16¼-16½ per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.25-18.35 per cent; three-months 18.25-18.35 per cent; six-months 18.20-18.30 per cent; one-year 17.00-17.20 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 31)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 3/4	offer 18 7/8	bid 18 11/16	offer 18 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 31 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-13¼	12½-13¼	—	—	12¼-13	12-12⅞	—	—	—
2 days notice	—	—	13½-13¾	—	—	13⅝-13⅞	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅞-13⅝	13¾-14	—	14	—	—	—	—	—
One month	14⅝-14½	14⅜-14⅝	14⅛	14⅞-14⅜	14⅛	14¾	12½ / 13-13⅛	13⅞-13⅝	13¾-13⅞	14¾
Two months	14⅝-14⅝	14½-14⅝	—	14⅞-14½	14⅝	—	13⅛	13⅞	13⅞-13⅞	14⅝
Three months	14¾-14⅝	14⅝-14⅝	14¾	14⅞-14½	14⅝	15	13⅝	13⅞	13⅞-13⅞	14⅝
Six months	14⅝-14⅞	14⅝-14⅞	14¾	13⅞-15½	15	—	—	—	13⅝-15¾	14⅜
Nine months	14½-14⅝	14⅝-14⅝	—	14⅞-14½	15	—	—	—	—	—
One year	14⅝-14⅝	14½-14⅝	14¾	14¾-14⅞	15	—	—	—	—	—
Two years	—	—	14⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 15 per cent; four-years 15 per cent; five-years 15¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four-months trade bills 14⅝ per cent.

Approximate selling rate for one-month Treasury bills 13⁷⁄₁₆-13½ per cent; two-months 13⅝-13¾ per cent; three-months 13¾ per cent. Approximate selling rate for one-month bank bills 13½-13⁹⁄₁₆ per cent; two-months 13¾-13²⁷⁄₃₂ per cent; three-months 13¾-13²⁷⁄₃₂ per cent; one-month trade bills 14½ per cent; two-months 14⅝ per cent; and three-months 14⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from August 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.8014 per cent.

CURRENCY RATES

July 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.607344	0.552256
U.S. $	14	1.12725	1.02302
Canadian $	20.64	1.39202	1.26200
Austria Sch.	6¾	19.5169	17.7085
Belgian F.	13	45.5091	41.3326
Danish K.	11	8.72758	7.92943
D mark	7½	2.77806	2.52297
Guilder	9	3.02523	2.80195
French Fr.	9½	6.59655	5.98467
Lira	19	1380.01	1232.43
Yen	6¼	269.916	245.116
Norwgn. Kr.	9	6.92006	6.27879
Spanish Pts.	8	111.091	100.872
Swedish Kr.	12	5.89372	5.35214
Swiss Fr.	5	2.41024	2.19254
Greek Dr'ch.	20½	—	61.6075

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund ... $19.80 20.46 ... 11.20
Prices at June 30. Next dealing August 27.

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.80 ... 12.00
Bda. Intl. Bd. Fd. Inc. US$10.50
Prices July 24. Next dealing Aug. 3.

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. ... £10.1997 11.1300 ... —
Next subscription day August 5.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	67.6	72.7	-0.4	1.99
Abbey Capital	51.1	55.2	+0.2	3.69
Abbey General	59.5	64.3xd	+0.5	4.77
Abbey Gilt & F.I. Tst.	99.3	104.5xd	+0.1	12.54
Abbey Income	37.4	40.4xd	.....	6.69
Abbey W'w.Bd.Tst.	95.6	101.1	-0.5	6.63
Abbey Inv. Ts. Fd.	55.1	59.5xd	+0.1	4.83
Equitas Prog. Tst.	86.7	93.7	+0.6	4.36

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	84.1	89.2	.....	12.95

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	94.1	100.7	+0.4	5.56
Brit. Inds. Fund	79.4	85.0	+0.5	6.00
Growth & Income	53.9	57.7xd	+0.2	4.33
Elect. & Ind. Dev.	48.0	51.4	+0.1	4.06
Allied Capital	104.1	111.4	+0.5	3.45
Hambro Fund	139.5	149.3	+1.0	5.37
Hambro Acc. Fund	197.6	211.4	+1.3	3.88

Income Funds

High Yield Fd.	69.2	74.0	+0.1	8.11
High Income	84.6	90.5	+0.2	7.07
Equity Income Fd.	47.5	50.8xd	+0.3	7.20
Govt. Secs.	23.7	24.3	+0.1	12.26

International Funds

International	39.8	42.6xd	-0.1	1.95
Japan Fund	31.1	33.3xd	-0.2	0.49
Pacific Fund	80.8	86.5xd	-0.2	0.92
Secs. Of America	92.7	99.2	+0.3	1.66

Specialist Funds

[illegible]

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.1	37.2xd	+0.1	12.22
North American	71.4	77.2	+0.3	2.21
Canadian Exempt*	78.7	83.2	.....	2.76
Canadian Trust	67.6	73.0	-1.4	2.41
Mid-Mount High Inc.	48.6	51.6	.....	9.37
Recovery	57.8	63.1	-0.2	6.81
Gilt Trust	40.1	42.0	.....	13.30

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	48.4	52.2	.....	0.48
Cres. Internat'l.	95.1	102.7	-0.2	1.46
Cres. High. Dist.	44.5	48.0	+0.1	9.38
Cres. Reserves	52.5	56.7xd	-0.9	5.29
Cres. Tokyo	42.2	45.6	-0.2	0.27

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.4	.....	9.00

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. July 23	251.6	268.3	.....	4.95

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.8	20.9xd	.....	8.30
Gt. Winchester O'seas	30.8	34.2xd	.....	3.40

For Emson and Dudley see Robert Fraser Tst. Mngmt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	96.7	101.7	+0.7	4.27

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4991

American (z)	43.1	46.4	+0.5	0.44
Ameri. Spec. Sits. (z)	32.4	34.9	+0.3	0.07
Gilt + Fixed Int.	22.4	23.5xd	.....	13.32
Growth + Income	34.5	37.1	.....	6.90
Maximum Inc. Eq. Tst.	29.8	32.0	.....	8.56
Special Sits.	43.1	46.4	.....	1.57

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الاصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 50c	42	—	Q2.5c	—	3.7
—	ACM 20c	32	—	—	—	—
—	Argosy Gold NL 25c	14	—	—	—	—
—	Bond Corp.	236	—	07½c	1.9	2.2
Nov. Apr.	Bougainville I Kina	94	7.3	Q25.6	1.0	16.6
—	CRA 50c	246	16.3	Q19c	1.7	4.7
—	Canada Northwest	15	—	—	—	—
—	Carr Boyd 20c	17	—	—	—	—
—	Central Pacific	83	—	—	—	—
—	Cons. Gold Mnt. N.L. 50c	15	—	—	—	—
—	Cultus Pacific N.L.	25	—	—	—	—
—	Eagle Corp. 10c	52	—	—	—	—
—	Endeavour 20c	28	—	—	—	—

Tins

Copper

Miscellaneous

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Colby Res. Corp.	200	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	220	30.6	Q30c	1.8	7.5
—	††Explaura Gold	6½	—	—	—	—
—	††Hemerdon 10c	55	—	—	—	—
—	Highwood Res.	115	—	—	—	—
—	Northgate C$1	233	9.77	—	—	—
Jan. July	R.T.Z.	555	15.5	16.0	3.2	7.9
—	[illegible]	£125½	15.5	Q9½%	—	5.0
—	††SPO Minerals 10p	22	—	—	—	—
—	Sabina Inds. C$1	22	—	—	—	—
—	††SWCM 10c	35	—	—	—	—
—	Tara Expln. $1	545	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ‡‡ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	IRISH	Price	+ or –
Albany Inv. 20p	44	......	Conv. 9% '80/82	£91¾	......
Bertam	19	......	Nat. 9¼% 84/89	£59¼	–¼
Bdg'wtr. Est. 50p	465	–5	Fin. 13% 97/02	£79¾	......
Craig & Rose £1	£13	......	Alliance Gas	70	......
Finlay Pkg. 5p	20½	......	Arnott	240	......
Graig Ship. £1	£22½	......	Carroll (P.J.)	82	......
Higsons Brew	62	......	Concrete Prods.	67	......
Holt (Jos) 25p	465	......	Helton (Hldgs.)	28	+3
I.O.M. Stm. £1	155	......	Irish Ropes	44	......
Pearce (C. H.)	790	......	Jacob	60	......
Peel Hldgs.	103	......	T.M.G.	14	......
Sheff. Refrshmt	93	......	Unidare	102	......
Sindall (Wm.)	295	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	13
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	35	Ladbroke	20	Brit. Land	5
Beecham	28	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lots"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¾
Brown (J.)	9	"Mams"	20		
Burton Ord.	15	Mrks. & Spncr	11	**Oils**	
Cadburys	7½	Midland Bank	25	Brit. Petroleum	33
Courtaulds	7	N.E.I.	5	Burmah Oil	16
Debenhams	10	Nat. West. Bank	32	Charterhall	8
Distillers	17	P & O Dfd.	12	KCA	22
Dunlop	6½	Plessey	28	Premier	7½
Eagle Star	35	Racal Elect.	34	Shell	32
F.N.F.C.	3	R.H.M.	5	Tricentrol	30
Gen. Accident	30	Rank Org. Ord.	18	Ultramar	44
Gen. Electric	63	Reed Intnl.	25		
Glaxo	22	Sears	5	**Mines**	
Grand Met.	18	Tesco	5½	Charter Cons.	21
G.U.S. "A"	45	Thorn EMI	30	Cons. Gold	45
Guardian	30	Trust Houses	15	Lonrho	9
G.K.N.	15	Tube Invest.	30	Rio T. Zinc	45
Hawker Sidd.	25	Turner & Newall	20		
		Unilever	50		

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Monday August 3 1981

Investment heads will visit Merseyside

Heseltine calls in financiers

BY JAMES McDONALD

MR MICHAEL HESELTINE, Environment Secretary, is marking the third and final week of his mission to Liverpool by bringing the heads or leading executives of 28 of Britain's major investment institutions — banks, insurance companies, building societies and pension funds—to the city tomorrow.

They will visit riot-torn Toxteth and hear of the problems of Merseyside as a whole. The Department of the Environment said they are going at Mr Heseltine's invitation to discuss the investment needs and problems of the area.

A big point of the exercise, however, must be that these decision-makers will be hearing about and seeing the problems of the area at first hand.

In the past two weeks Mr Heseltine has heard many reasons for the decay of the Merseyside and for the decline in business and job opportunities in the inner city, some of them conflicting.

But a common complaint has been that most manufacturing jobs in Liverpool—some estimates going as high as 70 per cent—are supplied by companies with headquarters elsewhere and that few major sources of private finance and investment are based in the city.

The list of the institutions being represented tomorrow is impressive: five of Britain's major banks (including the four biggest); six of the largest building societies (led by the Halifax); nine of the top insurance companies (led by the Prudential); and eight of the richest pension funds.

Barclays Bank is to be represented by the chairman, Mr Timothy Hugh Bevan; National Westminster by the chairman, Mr Robin Leigh-Pemberton; Lloyds Bank by its chairman, Sir Jeremy Morse; Williams and Glyn's by the chairman, Sir George Kenyon; and the Midland Bank by a general manager.

The Prudential Corporation will be represented by Mr Brian Corby, chief executive. Among the building societies, the Halifax is being represented by its chairman, the Leeds by its president: the Abbey National and Nationwide by their chief executives and he Woolwich and Midshires by assistant general managers.

The tour of Merseyside will take in some of the choicer parts of the county as well as the problem inner city areas. Environment Department officials said yesterday the aim of the exercise is to show the oportunities, as well as the problems, on Merseyside.

Mr Heseltine is expected to report to the Prime Minister on his Merseyside mission at the end of this week. His general brief has included a review of the working of government departments in Liverpool, looking particularly at how effectively money is spent

His investigation of inner city problems generally is expected to continue throughout the summer, with periodical reports to the Cabinet. He will make a full report, with recommendations, to the Commons at the start of the next session of Parliament.

Airways managers call for shakeout

By Lynton McLain

A GROUP of senior managers at British Airways has called for a radical change of direction in the affairs of the state-owned airline.

They want a "shakeout" of the membership of the executive board, including the replacement of Mr Roy Watts, chief executive, and Mr Gerry Draper, director of commercial operations.

The change is essential, they claim, because the airline's policies "have been disastrous and brought the airline to its knees."

They also advocate cutting the size of the airline by 40 per cent, ending all UK domestic services — which would include the shuttle services to Edinburgh, Glasgow and Belfast — and ending all BA's scheduled flights from Gatwick airport. They believe the Gatwick services, which are operated just to keep out competing airlines, are losing £20m a year.

Most of the dozen or so managers who have anonymously drawn up the report are believed to occupy very senior positions within the airline.

It had been intended to publish the report as a dissenting document after the publication of BA's annual report on Friday. This is expected to show a record loss of £115m-£120m, compared with a forecast of a £70m profit made a year ago.

However, the report was leaked to the Sunday Times yesterday. The managers feel so strongly they have sent a copy of their report to Mrs Margaret Thatcher, the Prime Minister.

They say: "Nowhere is the airline really competing other than by reason of a substantial entrenched monopoly."

Sir John King, the chairman of British Airways, who took over in January, is described as "a gentleman who plays his cards very close to his chest. Certainly, his presence is not particularly noticeable." says the report.

It cites the "disastrous policies" of the airline as plans to double the size of BA by 1985; policies of "ditching the businessman (now reversed)"; and policies of ignoring the capability of the competition.

The managers say the decision to drop first-class seats in Europe and introduce club clas seats was a "recipe for disaster."

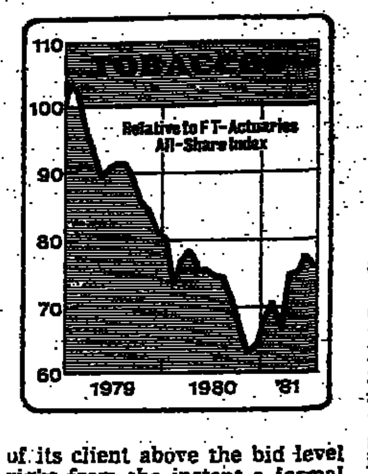
The "true position of the airline is much more serious than is realised," the managers add, since the loss has been cut by the profits of wholly-owned British Airways subsidiaries.

These include British Airways Helicopters, International Aeradio (IAL), British Airtours and the College of Air Training at Hamble, Hampshire. The managers say all these companies should be sold to the private sector.

THE LEX COLUMN

Neglecting the decencies

Last Thursday morning, as debris from the Royal Wedding crowds was being cleared from the streets of London, Amalgamated Power Engineering was being cleaned up in the stock market. Northern Engineering took its stake up from 40 per cent to over 50 per cent and a medium-sized industrial company had been taken over without publishing a defence document. Since Northern had not published an offer document either, shareholders had not been distracted by the elaborate arguments of merchant bankers. Eveything boiled down to a single number — the bid price of 140p a share.



This looked a good enough price right from the start, and one would have expected Northern to win, but only after the common decencies had been observed. Neither of the two normal arguments for selling in the market applied to this case. There was no reason at an early stage to be afraid that it might fall through, or be referred to the Monopolies Commission. And APE is too small to make any portfolio manager worry about turning his stake into cash at once rather than in six weeks.

By selling out, of course, fund managers pass over the chance of a higher bid from another quarter, as those who tipped out of Ofrex shares last week at 130p before Gallaher's entry into the fray found to their cost. Since Ofrex had recommended the lower bid, there was at least no question here of failing to take account of the company's view, as there was with APE and also with Law Land, whose chairman was grumbling last week about "the undue haste with which some shareholders acted, in accepting the offer [from Churchbury Estates] long before the first closing date."

In the case of market raids, except in the most memorable of all, on Consolidated Gold Fields, it has generally been wrong to sell. But many fund managers still have a very low boiling point—as the recent successful raids on Eagle Star, Letraset and British Sugar show. Merchant banks and brokers have long cultivated placing power in the interests of their new issue business; displacing power—the ability to make a supposedly long-term investor sell for cash after five minutes' thought—is becoming just as important.

This trigger-happiness is making it essential for a defending merchant bank to do its utmost to keep the share price of its client above the bid level right from the instant a formal approach is announced. It increases the pressure for the bank to be "robust," that is, to buy shares in its client with its own capital or, rather more questionably, with funds under its discretionary management.

The future of quite important companies comes to hinge not on rational industrial or financial arguments but on the price at which a share stands in a madly rigged market for a couple of weeks.

The people who come out of the APE affair with honour intact are those shareholders who bought on inside information or hunch just before the bid and sold out immediately afterwards. They at least do not pretend to be anything other than cowboys.

Tobacco

The interim figures from Imperial Group showed clearly enough that the cigarette business is no longer easy, and last week's half-year statement from Gallaher heavily underlined the point. Gallaher's trading margins on tobacco were nothing to shout about at 4.5 per cent, but they fairly glittered next to the 2.4 per cent reported earlier last month by Imperial.

In the aftermath of its chairman's departure, and with its final dividend in doubt, Imperial is under intense pressure to improve the return from its principal business. Last week's announcement that its cigarette prices would rise by 3p or 4p per pack on Wednesday, and probably again in September, at least suggested that its strategy is changing.

The other big tobacco companies have indicated that they will absorb the Chancellor's recent 3p-a-pack duty increase, at least for the moment, and their intention is clearly to squeeze Imperial. Both BATs and Rothmans are profiting from the fall of the pound and, because the UK does not account for the lion's share of their markets, they can afford to hold out. Gallaher, with the support of its powerful U.S. parent, American Brands, is absorbing a duty increase which costs it more than £2 a month.

The position of Imperial is cmfwyp shrdlu cmfwyp vbgk b far more difficult. It recognised long ago that the UK cigarette market, under simultaneous attack from the Chancellor and from medical research, was in a state of secular decline. But its attempts to diversify, which should now be providing it with alternative sources of earnings, have—to put it mildly—taken time to come right.

Cigarette demand held up longer than the industry had expected but the trend is now changing with a vengeance. Consumption has fallen by at least 10 per cent over the past year and Imperial is losing its share of the shrinking market. The application of EEC taxation has boosted the relative position of king-size brands, in which Imperial is still under-represented, and the entry of BATs into the UK market has eaten into Imperial's sales.

Imperial's response has been to engage in heavy price-discounting, particularly for John Player Special, and to spend heavily on advertising. This strategy has held its UK market share slightly above 50 per cent but drove first-half trading profits from tobacco to their lowest level for a decade.

Imperial's sales could suffer heavily from a more margin-conscious strategy. Few of its products have established the brand loyalty enjoyed by, for example, Benson and Hedges or Rothmans. And, with further restrictions on cigarette advertising looming on the horizon, a volume sacrifice could prove hard to reverse.

A further price rise in September would make Imperial's strategic intentions quite clear. This week's increase will almost restore the margins ruling before the Chancellor's 3p surcharge, and another penny or more next month would probably signal a real change of tack. A boost to trading margins at the expense of volume might not secure the final dividend, but it would perhaps help to convince the City that Imperial is regaining some sense of direction.

Solidarity meets after 'conflict' warning

By Our Foreign Staff

LEADERS of Poland's Solidarity union movement called a meeting of its national committee last night after government warnings that the current spate of protests over food supplies could explode into "nationwide conflict."

Mr Mieczyslaw Rakowski, deputy Prime Minister, asked for a meeting with the union today after a week of increasing unrest and threats of further protest strikes and marches this week.

In its first statement since the Communist Party Congress last month, the ruling Politburo admitted at the weekend that food supplies were inadequate, but added that tensions had reached dangerous levels.

It promised to do its utmost to co-operate with workers to end the political crisis but said it would be necessary to increase production and reinforce "social discipline."

The Politburo said soldiers would be drafted in to clamp down on speculators in the free market shops and black marketeers who have been accused of taking advantage of widespread shortages of staple foods.

The shortages and "temporary" reduction in meat rations were being exploited by "some links in Solidarity" to stir up tensions which could spill over into national conflict, it said.

"The announcement of strikes and especially street demonstrations poses a great peril to the country."

Warsaw workers have organised a motorcade protest through the city today which will be led by buses, taxis and rubbish collection trucks.

Women in Wloclawek also plan a march today. On Tuesday, workers in Czestochowa will stage a one-hour protest strike.

Mr Lech Walesa, the leader of Solidarity, was thought unlikely to join last night's talks or any meetings between the union and the Government in the next few days. He is reported to be "exhausted" and resting on doctor's orders.

Mr Andrzej Gwiazda, Mr Walesa's deputy, seemed uneasy yesterday about the prospect of meeting Mr Rakowski. The union wants more details of the scope of the planned talks before it commits itself to a meeting.

The Polish leadership, under Mr Stanislaw Kania, is facing great Soviet pressure to curb Solidarity's power. Apart from the tide of protests over food supplies, there is also the prospect of a five-day march on Warsaw, beginning on August 17, to petition Parliament for the release of political prisoners.

Families under pressure to end Maze death fasts

BY OUR BELFAST CORRESPONDENT

ANY HOPE of an end to the hunger strike at the Maze prison, near Belfast, may rest now with the families of the fasting prisoners.

Some relatives are said to be considering whether to follow the example of the family of Mr Patrick Quinn, who authorised medical intervention when he became unconscious after 47 days without food.

Although the family's action could signal a change in the position, the prisoners have reaffirmed their resolve in a statement following the death on Saturday of Mr Kevin Lynch, the seventh man to die since the hunger strikes began on March 1.

Mr Quinn is being treated at a Belfast hospital, where he was taken after his mother and sister asked doctors to save his life.

Dr Edward Daly, the Roman Catholic Bishop of Derry, later appealed to relatives to "take courage from the decision of the mother of Patrick Quinn."

Mrs Margaret McKeowen, whose son Lawrence, 24 is one of the hunger strikers, said at the weekend she would ask him to end his fast—but the decision would have to be his.

Although the families are under pressure because of the Quinn family's decision, not all of them see an end to the hunger strikes. Mr Alfie Doherty, whose son Kieran was yesterday on the 73rd day of his fast, said he was angry at the way pressure was being put on the families.

He said: "Anything short of full public support for the prisoners' demands and public pressure on the Government to concede to them is a waste of time."

Roman Catholic clergy and other interested parties have formed a committee which would monitor prison reforms in the event of a settlement. But their initiative has yet to find favour with either the prisoners or the Government.

Another prisoner is to join the fast today to replace Mr Lynch, who died on Saturday after 71 days.

The prisoners said after his death that the Government was interested only in surrender, which the hunger strikers were not prepared to grant. They stood by their five demands.

A military-style funeral is expected to be held for Mr. Lynch, a member of the Irish National Liberation Army, leaving from his home in Dungiven, Co. Londonderry.

British Telecom satellite plan

BY GUY DE JONQUIERES

BRITISH TELECOM is discussing with the Government, private industry and the BBC a plan to launch a satellite which would beam both communications and broadcasting signals across the UK. The project could cost £200m.

The participants, who also include British Aerospace and GEC-Marconi, hope to have the satellite in service by 1985. They expect to submit detailed proposals to the Department of Industry in about a month.

The project was first mooted by British Telecom, which wants a satellite to provide high-speed data transmission until it has completed modernisation of its ground-based communications network in the early 1990s.

But research has shown that it would not be economic to operate a communications-only satellite to serve an area as small as Britain. And though British Telecom is already a partner in a scheme to provide a Europe-wide satellite communications service starting in 1983, this may not provide all the domestic capacity and facilities it needs.

It is hoped that by combining communications and broadcasting on the same satellite, it could be made to pay its way. The BBC has said that it is interested in using a satellite to beam subscription TV to households which would receive the signal through rooftop dish aerials.

The Independent Broadcasting Authority is also examining the project. There may be scope, as well, for a link-up with the joint venture formed recently by British Aerospace and N. M. Rothschild, the merchant bank, to enter satellite broadcasting.

The broadcasters would probably want a satellite that could cover continental Europe as well as the UK.

British Telecom's decision to take a lead in the new scheme suggests that it has decided not to respond to overtures by International Business Machines, the big U.S. computer manufacturer, which is seeking partners for launching a European communications satellite.

Continued from Page One

Sadat

expected to discuss arms contracts in London. Egypt wants to revise a contract under which Britain jointly produces the Swingfire missile in Egypt. The contract is due to expire in two years' time but Egypt wants to change production schedules.

Egypt is also interested in fitting new guns in its large but ageing fleet of Soviet tanks and to obtain help to manufacture heavy artillery.

Maj.-Gen. Gamal El-Sayed, Egypt's Minister of State for Military Production, recently visited Britain to discuss these proposals.

The Egyptian Navy is interested in surplus Royal Navy vessels. Egypt will take delivery of the first of seven £15m British missile boats in December, according to Egypt's local weekly journal October.

The Egyptian Air Force is keen to buy more Commando and Sea King helicopters.

On Arab-Israeli relations Mr Sadat is confident the bilateral section of the treaty with Israel will be completed next April by Israel's final withdrawal from Sinai.

Continued from Page 1

Conservatives

a number of ideas like more funds for the inner cities, the possibility of further aid to industry with help on energy prices and help for the British Gas Corporation to get the gas gathering pipeline scheme off the ground.

Ministers had one of their most wide-ranging discussions yet on the economy in Cabinet 10 days ago, and though the meeting ended with the Prime Minister delivering another lecture on the need to stick to the Government's strategy, there does seem to have been a majority arguing in favour of measures to push the recovery along.

Weather

UK TODAY

DRY with sunny periods.

London, S, SE, E and N England, Midlands, E Anglia
Dry and warm. Max 25C.

Lake District, Isle of Man, Borders, Aberdeen, Glasgow, Highlands, Argyll, SW Scotland, N Ireland, Shetland.
Cloudy, occasional rain. Max 19C.

Wales, SW and NW England.
Dry with sunny intervals. Max 21C.

Moray Firth, NE and NW Scotland, Orkney.
Cloudy with rain, becoming brighter. Max 18C.

Channel Islands, NE England.
Sunny intervals. Max 22C.

Outlook: Mostly dry and sunny.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	R	11	52	L'd Plms.	F	24	75
Athens	S	31	88	Lisbon	S	25	77
Bahrain	S	39	102	London	S	19	66
Barclna.	F	29	84	L. Ang.†	F	17	63
Belfast	S	19	66	Luxmbg.	C	23	73
Belgrd.	S	34	93	Madrid	F	27	81
Berlin	R	20	68	Majorca	S	30	86
Biarritz	C	18	64	Malaga	S	27	81
Bmghm.	S	20	68	Malta	S	31	88
Blackpl.	S	18	64	M'chstr	S	20	68
Bordx.	R	19	66	Melbne.	C	13	55
Bristol	S	20	68	Miami†	T	26	79
Brussels	C	16	61	Montrl.†	S	20	68
Cairo	S	32	90	Moscow	C	25	77
Cardiff	S	19	66	Munich	F	28	82
Chicg.†	F	19	66	Nairobi	F	23	73
Cpnhgn.	S	18	64	Naples	S	31	88
Denver†	F	18	64	Nwcstl.	S	15	59
Dublin	S	18	64	N York†	S	22	72
Ednbgh.	S	19	66	Nice	C	25	77
Genova	R	20	68	Oslo	F	17	63
Gibrltr.	S	25	77	Paris	C	22	72
Gl'sg'w	S	17	63	Perth	C	15	59
G'rnsey	C	16	61	Rome	S	31	88
H. Kong	C	28	82	S'ciscot	C	15	59
Innsbrk.	S	27	81	Stckhm.	F	20	68
Invrnss.	S	17	63	Tokyo	S	31	88
I.o.Man	S	17	63	T'rnto†	S	18	64
Jersey	C	18	64	Venice	S	29	84
Jo'burg	S	18	64	Vienna	S	31	88

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
†Noon GMT temperatures.

State may sell off part of National Bus

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT is to be presented with plans to denationalise the state-owned National Bus Company, Britain's biggest bus and coach operator, in a further attempt to reduce the public-sector borrowing requirement.

The idea has still to be discussed by the Cabinet. However, Mr Norman Fowler, the Transport Secretary, and leading advocate in the Government of Conservative Party plans to return state industries and assets to the private sector, is considering the idea. He is supported by Mr Kenneth Clarke, his Parliamentary Under-Secretary.

No options for denationalising National Bus have been ruled out at this stage, although the Government recognises the difficulties such action would present. One solution may be to denationalise only the potentially profitable express coach services.

National Bus controls 35 regional and local bus companies, operates National Express, the motorway coach equivalent to British Rail's Inter-City services, runs Victoria Coach Station in London and carries two-and-a half times as many passengers as British Rail.

The revenue of the local bus companies, however, is supported financially by local authorities, backed by transport supplementary grant payments from the Government. Without this support, many local bus services would cease to exist. Last year 7 per cent of the revenue of National Bus Companies came from grants.

Nevertheless, despite the support, 18 of National Bus's 35 subsidiaries made substantial losses last year. One company, Midland Red, reported a net loss of £2.69m last year after tax and interest payments, and had to be split into four bus operating divisions, with the loss of 504 jobs and the closure of its headquarters and workshops this year.

The parent National Bus Company itself had a difficult trading year in 1980, with a drop of 7 per cent compared with 1979 in the number of passengers carried on local services, down to 1.58bn passengers.

This contributed to a sharp decline in trading profits at National Bus and the company made its first net loss, £11.8m, after tax and interest payments, for six years.

Nevertheless, National Bus met its financial obligations to the Government. These included meeting in full the interest charges on its commencing capital debt of £97.6m, inherited when National Bus was formed 13 years ago, paying interest on long-term loans and operating inside the external finance limit of £85m for the 1980-81 financial year.

National Bus earned 93 per cent of its £581.9m of revenue from passenger fares last year, a higher proportion than in 1979.

The company believes many of its local services may be at risk because of a new financial discipline imposed by the Government in May. This called for National Bus to cut the operating cost of its buses by 3 per cent in real terms this year and to achieve a current cost operating surplus of £18.5m before interest payments and tax by 1985.

To achieve this target, according to Lord Shepherd, National Bus chairman, the company would be forced to operate only the most profitable routes.

Plans for denationalising National Bus, or perhaps only its potentially profitable National Express subsidiary, may be included in a new Transport Bill during the next session of Parliament. Details will be given in the Queen's Speech in the autumn, if the Cabinet approves the move.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.